



BUSINESS ENTERPRISE PROGRAM
(8)

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A. VISION, MISSION, AUTHORITY, ORGANIZATION

1. VISION

The vision for Arizona's Business Enterprise Program is:

"The Arizona Business Enterprise Program is a national leader in providing employment opportunities through diversified, successful businesses for individuals who are legally blind."

Diversified means:

As wide a variety of business opportunities as possible which are available to BEP and which are permissible for BEP to operate.

State Law (A.R.S. 23-504): the RSA/BEP can operate "merchandising businesses on state, county or municipal property...(which) shall include but not be limited to food service operations, including cafeterias, snack bars and vending machines for food and beverages and souvenir and gift shops."

Federal Law (20 U.S.C. §107): The RSA/BEP will be given the opportunity to operate all vending facilities on federal property..."vending facility means automatic vending machines, cafeterias, snack bars, cart services, shelters, counters, and such other auxiliary equipment..." "...for the vending of newspapers, periodicals, confections, tobacco products, foods, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises...including the vending or exchange of chances for any lottery authorized by State law and conducted by an agency of the State."

Successful means:

A Business Enterprise Merchandising Operation that has a net



income of at least \$25,000 before taxes (NOTE: This does not define minimum standards for the purpose of "fair minimum of return")

2. GOALS

The goals for the BEP program are contained in the DES/RSA Strategic Plan which is updated annually. Among its goals are:

- a. To provide opportunities for VR clients who are blind to become BEP operators;
- b. To provide jobs for clients of the VR program who are blind within Business Enterprise Merchandising Operations;
- c. To provide jobs for clients of the VR program who have disabilities other than blindness within Business Enterprise Merchandising Operations.

3. AUTHORITY

Authority for the BEP program is derived from the following:

The federal Randolph-Sheppard Act (P.L. 93-516) and 34 CFR Part 395

A.R.S. 23-504 and Arizona Administrative Code (6 A.A.C. Chapter 4, Article 3)

A.R.S. 23-901(f)

A.R.S. 41-1954(A)(1)



B. DEFINITIONS

Definitions

In this Article the following definitions apply unless the context otherwise requires.

“Abandoned facility” means a Business Enterprise Merchandising Operation where a BEP operator has failed to open the facility without good cause for 24 hours.

“Active Participation” by the Arizona Participating Operators Committee means that committee members actively participate in: (1) making major BEP administrative decisions, in developing policy, and in making program development decisions which affect the overall administration of the state’s BEP merchandising program; (2) receiving and transmitting grievances at the request of operators and serving as advocates in connection with such grievances; (3) developing and administering a system for the transfer and promotion of BEP operators; (4) developing training and retraining of BEP operators; and (5) sponsoring meetings and instructional conferences for BEP operators within the State.

“Adjusted Net Profits” means the amount remaining after deducting allowable business expenses and the operator's assessment from all income accruing to a BEP operator from the operation of a Business Enterprise Merchandising Operation.

“Arizona Participating Operators Committee” or “APOC” means a fully representative committee of blind operators elected biennially by their peers. This committee is an active participant in the administration of the Business Enterprise Program.

“Assessments” or “Operator’s Assessments” means the charges assessed to licensed operators from their “net profits” which are set aside to pay for management services and operator benefits.

“Assigned Location” means a Business Enterprise Merchandising Operation which has been identified as one which will be managed by a blind BEP operator. It is contrasted with an “unassigned location”.



“Business Enterprise Program (BEP)” means all of the activities of the Rehabilitation Services Administration, with the active participation of the Arizona Participating Operators Committee, relating to the operation of: (1) vending facilities on federal properties under the authority of the federal Randolph-Sheppard Act (20 U.S.C.S. 107); and (2) merchandising businesses on state, county, or municipal properties under the authority of A.R.S. 23-504.

“Business Enterprise Program (BEP) Licensee” means a legally blind client of the Arizona Vocational Rehabilitation Program who has successfully completed the BEP requirements for licensing and has been licensed by the SLA.

“Business Enterprise Merchandising (BEP) Operation” is defined in State Statute. It means merchandising businesses on state, county or municipal property include, but are not limited to food service operations, including cafeterias, snack bars and vending machines for food and beverages and souvenir and gift shops.

“Business Enterprise Program (BEP) Operator” means a licensee who enters into an operator’s agreement with the BEP to manage and operate a Business Enterprise Merchandising Operation.

“ Business Enterprise Program (BEP) Manager” means the manager of the BEP Section.

“Business Enterprise Program (BEP) Section” means the administrative unit within the Rehabilitation Services Administration responsible for providing BEP management services.

“Business facility” means a Business Enterprise Merchandising Operation which involves a physical facility (rather than a vending route).

“Candidate” means a legally blind client receiving vocational rehabilitation services who is referred to the BEP by a vocational rehabilitation counselor for training and placement within the BEP.

“Department” means the Arizona Department of Economic Security.



“Displaced operator” means a licensee who has operated a Business Enterprise Merchandising Operation in Arizona under the provisions of this Article and is not currently assigned to a Business Enterprise Merchandising Operation as a result of a facility or building closure or medical leave.

“Grantor” means the agency that grants a permit to, and/or enters into an agreement with, the BEP to provide a satisfactory permission for the operation of a Business Enterprise Merchandising Operation.

“Grantor Agreement” is an agreement between the RSA/BEP and a Grantor to establish and regulate a Business Enterprise Merchandising Operation on the grantor's premises.

“Guaranteed fair minimum of return” means a guaranteed level of net profit for a licensed operator..

“Initial probation” means the first six months after an operator assumes management of his first Business Enterprise Merchandising Operation, or a higher level Business Enterprise Merchandising Operation, during which time the operator's performance is evaluated. The outcome of initial probation is permanent status as a BEP licensed operator, termination from the program, or placement on performance probation.

“Legally blind person” means a person who, after examination by an ophthalmologist, has been determined to have no vision or acuity or has a central visual acuity of 20/200 or less in the better eye, with the best correction by single magnification, or who has a field defect in which the peripheral field has been contracted to such extent that the widest diameter of visual field subtends an angular distance no greater than 20 degrees.

“Levels of Business Enterprise Merchandising Operation” are categories of Business Enterprise Merchandising Operations. The levels are as follows:

Level One

Snack bars, vending banks, and



Gift shops (at which food is not prepared) and all other non-food merchandising operations.

Level two

Coffee shops with limited food preparation (includes , Delis, and "Grab'n Gos").

Level three

Cafeterias with full food preparation; with china or without, and Vending Routes.

“Licensed Operator” means a legally blind person who has been licensed as a BEP licensee and who is currently managing a Business Enterprise Merchandising Operation under a BEP Operator's Agreement.

“Management Services” means supervising, inspecting, controlling for quality, consulting, accounting, regulating, in-service training, and providing other related services provided on a systematic basis by the BEP Section staff or by contractors to support and improve businesses managed and operated by licensed operators.

“Net Profits” means the amount remaining after deducting the cost of sales and allowable business expenses from all income accruing to a BEP operator from the operation of a Business Enterprise Merchandising Operation (prior to computing the operator's assessment).

“Operator's Agreement” or “Agreement for operation of a vending facility” means the written contract between the RSA (State Licensing Agency) and a business enterprise program operator. The Operator's Agreement" indicates the operator's agreement to manage and operate the assigned Business Enterprise Merchandising Operation in accordance with the rules and policies of the BEP.

“Operator's Responsible Inventory” means the amount of initial cash and the dollar value of initial stocks and supplies, china, and flatware that is provided by the BEP as initial stocks and supplies. The operator becomes financially responsible for this inventory when he/she accepts a Business Enterprise Merchandising Operation. The operator's responsible inventory can increase or decrease during an operator's tenure. The operator is financially responsible to leave or repay BEP for the value of the "operator's responsible inventory" when he/she leaves that operation.



“Performance probation” means a period of time not exceeding six months during which a Business Enterprise Merchandising Operation operator who is not on initial probation shall correct documented, unacceptable performance or deficiencies upon written notice by the BEP.

“Rehabilitation Services Administration” or “RSA” means the organizational unit within the Department which is responsible for the administration of the Vocational Rehabilitation Program and which is identified as the State Licensing Agency by the federal government.

“Set Aside” means the income received from licensed operators through monthly assessments and income accruing from unassigned locations which are set aside to pay for: (1) maintenance and replacement of equipment; (2) purchase of new equipment; (3) management services; (4) guaranteed fair minimum of return; and (5) operator benefits.

“State Licensing Agency” means the Rehabilitation Services Administration.

“Temporary Business Enterprise Program operator” or “temporary operator” means an individual who contracts with the Department to operate a Business Enterprise Merchandising Operation for a specified period of time and who may or may not be a legally blind person.

“Trainee” means a candidate who has been accepted into and is receiving training from the BEP prior to placement and licensure.

“Unassigned location” is a Business Enterprise Merchandising Operation to which no BEP operator is assigned. Management of such a location (usually through contracts) is the responsibility of BEP staff. The income received is used for the operation and management of the BEP program.

“Upward mobility training” means additional training that enhances a BEP operator’s promotional opportunities within BEP.



"Vending Banks" (as used to describe a Business Enterprise Merchandising Operation) means a location consisting only, or primarily, of vending machines which is part of an assigned location.

"Vending facility" is defined in the federal law. It means automatic vending machines, cafeterias, snack bars, cart service, shelters, counters, and such other appropriate auxiliary equipment which may be operated by blind licensees, and which is necessary for the sale of newspapers, periodicals, confections, tobacco products, food, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws, and including the vending or exchange of chances for any lottery authorized by state law and conducted by an agency of a state within such state.

"Vending Route" means a Business Enterprise Merchandising Operation consisting of a series of vending machines or banks of vending machines in different locations. It may be "assigned" to a BEP operator or "unassigned".

"Vocational rehabilitation counselor" or "counselor" means the person employed by RSA in the Vocational Rehabilitation Program (VR) who provides counseling and placement services, determines VR eligibility, develops Individualized Plans for Employment, and makes closure decisions.



C. ESTABLISHING BUSINESS ENTERPRISE MERCHANDISING OPERATIONS

The Business Enterprise Program (BEP) shall conduct surveys of public or other properties upon written request of the owner or management, or as determined necessary by the Department, to determine merchandising opportunities for licensees.

The BEP shall, following consultation with APOC, determine through surveys if a public or other property meets the requirements for a satisfactory site for merchandising business.

If a surveyed property meets the requirements as a satisfactory site for a merchandising business, a written Grantor Agreement shall be entered into between the Department and the Grantor.

These requirements will be met as follows:

1. *Identifying and selecting a Business Enterprise Merchandising Operation*

a. Minimum Standards for a Business Enterprise Merchandising Operation

The BEP in Arizona has established the following minimum standards for a BEP operation. These standards apply when establishing a new merchandising operation. Final decisions about whether a potential facility might meet minimum standards are not made until at least after an Initial Survey.

i. Authority

BEP must have the authority under federal and state laws and regulations to operate the merchandising operation.

ii. Profitability Standards for an "Assigned" Business Enterprise Merchandising Operation

The BEP has determined that, as a guideline, current or future profitability of a Business Enterprise



Merchandising Operation needs to have, or anticipate having, net profits of at least \$25,000 before taxes.
(NOTE: This does not define minimum standards for the purpose of "fair minimum of return")

iii. Accessibility Standards

A BEP facility must meet, or be able to meet, all ADA accessibility requirements for (potential) operators, employees and customers.

iv. Satisfactory Site requirements

For federal sites with a 100 or more employees during normal working hours, at least 15,000 square feet of interior space, and services provided to the public:

A satisfactory site for a vending facility is an area fully accessible to facility customers.

The location should have a minimum of 250 square feet available for vending and storage of articles necessary for its operation. The site should also have sufficient electrical, plumbing, heating, and ventilation outlets for the location and operation of the facility according to applicable health laws and building codes.

For State properties, the site meets any and all local standards and codes for the operation of the type of business being proposed.

b. Types and levels of businesses operated by BEP

i. Level One

Snack bars/vending banks, and
Gift shops (at which food is not prepared) and all other
non-food merchandising operations.





Operating Plan meeting. Their comments and advice will be solicited.

- d. Decision to pursue as an "assigned" or "unassigned" Business Enterprise Merchandising Operation

The purpose of the BEP is to provide business opportunities for individuals who are blind. A first consideration will always be whether the potential Business Enterprise Merchandising Operation can be, or become, an assigned location.

Considerations:

- i. Will the opportunity provided meet the profitability standards for an assigned location?
- ii. Do federal or State law/regulations allow the merchandising operation to be either an assigned or an unassigned location?
- iii. Do the financing needs of the BEP require that the location needs to be an unassigned location?

Both the RSA Administrator and APOC must concur in a decision to make a Business Enterprise Merchandising Operation an unassigned location.

Surveys are done based on whether the location or merchandising operation is to be operated as assigned or unassigned.

Highway rest stops are an example of unassigned locations. For unassigned locations, the BEP is responsible for the servicing (through contracts) and management of the vending banks while sharing in the income produced.

For unassigned locations managed by BEP, the BEP must follow all DES contracting and purchasing policies contained Article 7 of the RSA Policy Handbook.



e. Initial Survey

The initial survey will be completed within 30 days of the decision by the BEP manager to proceed. Both a BEP consultant and the BEP Contract Specialist will be involved in the conduct of the initial survey.

The form "Vending Facility Site Survey" (see appendix) will be used for conducting and recording the results of the initial site survey.

When the survey has been completed, the BEP manager will sign the completed form and indicate whether it appears that the location will meet guidelines for a suitable location, and whether BEP:
plans to proceed,
not to proceed, or
request consultation from APOC before proceeding.

The signed completed survey will be submitted to the APOC for consultation.

The individual designated by APOC will provide comments and record them, as appropriate, on the form.

f. Comprehensive Survey and Facility Development Plan

i. BEP staff will prompt the potential grantor to submit a "Letter of Intent" to the BEP. This letter requests and authorizes the BEP to proceed with conducting a Comprehensive Survey and Facility Plan (see appendices). The BEP is to request such a letter within 10 working days of the decision to proceed. With such a letter of intent, the BEP may incur costs (such as architectural consulting) as part of a comprehensive survey and the development of a Business Enterprise Merchandising Operation plan. This survey is not conducted until after the "Letter of Intent" is received



from the potential grantor.

- ii. A copy of the "Letter of Intent" is sent to the RSA Administrator's office and is placed on the agenda of the next regular BEP operating plan meeting.
- iii. The form "Survey of Location: Business Enterprise Program" will be used to survey a site, do initial planning and to negotiate a facility development plan with the potential Grantor.
- iv. A facility # will be assigned and a separate folder will be initiated upon return receipt of the "Letter of Intent" from a potential grantor. This number will be used to identify that facility from that point on. It is especially useful to track the negotiation and planning process.
- v. Any services that need to be purchased in order to complete the Comprehensive Survey and Facility Development Plan (e.g. architectural services) will contain a reference to the assigned facility number. NOTE: besides architectural and professional consulting service, no purchases of goods or equipment for a potential Business Enterprise Merchandising Operation will be made until there exists an approved and signed Grantor agreement.
- vi. The BEP will strive to complete its site survey and complete initial planning within 45 days after receipt of the "Letter of Intent".
- vii. The completed survey/plan will be signed by the BEP manager and sent to APOC for review and written comments.
- viii. After review by APOC, if a decision is made to proceed, the survey/plan will be sent to RSA Central Office and reviewed at the next BEP budget/operating plan



meeting.

- ix. A formal letter will be sent to the potential Grantor indicating RSA's decision to proceed, or not to proceed, with the next phase: i.e., development of a Grantor Agreement.
 - x. Decisions on when final negotiations are to be conducted and the project scheduled for initiation will be decided by RSA and BEP management based on the BEP budget and the grantor's requested time schedule.
 - xi. The APOC will be routinely updated on all active and pending projects by means of receipt of updated Operating Plans.
- g. Grantor and BEP responsibilities for development/ establishment of a Business Enterprise Merchandising Operation

In negotiating the establishment of a Business Enterprise Merchandising Operation, BEP staff must be clear what the responsibilities of the potential grantor and BEP are. These responsibilities are based in law and in what are allowable and unallowable expenditures under the federal VR and Randolph-Sheppard laws as well as State laws.

The BEP cannot participate in the costs of acquiring, constructing, expanding, remodeling or altering any building.

This relates to structural remodeling (e.g. load bearing walls, and other basic structural elements). The BEP can participate in costs of making modifications to existing buildings or spaces to adapt them and make them suitable for cafeteria or other vending purposes as well as providing equipment and furniture. The BEP can participate in costs of hooking equipment to existing power and sewage lines but not for bringing power and



sewage lines to the site.

The BEP cannot pay for normal cleaning, maintenance, and repair of the building structure in, and adjacent to, the vending facility.

The BEP cannot participate in payment of commissions for the privilege of operating a Business Enterprise Merchandising Operation.

The BEP cannot participate in the costs of debts incurred by the Grantor.

h. Grantor Agreements

Grantor Agreements are agreements with federal, State, County, City, or other entities ("grantors") who provide an opportunity for a Business Enterprise Merchandising Operation. Grantor Agreements establish and regulate the relationship between the RSA/BEP and the Grantor (NOTE: See Appendix for a copy of such an agreement. For federal locations, "permits" are used for vending operations other than cafeterias. In either case, the following policies and procedures apply).

The BEP incorporates the terms of the Grantor Agreement into the Operator Agreement. (NOTE: the Operator Agreement is an agreement between the RSA/BEP and the assigned BEP operator for that location.)

Grantor Agreements must be properly executed where an agency enters into an agreement with the BEP to provide an opportunity for the operation of a merchandising business.

The process described above for selecting a Business Enterprise Merchandising Operation must be followed and will culminate in the development of a Grantor Agreement as follows:



Policies regulating Grantor Agreements

There will be no expenditures for modifications, initial stock, equipment or supplies at a potential Business Enterprise Merchandising Operation prior to a completed, approved and signed Grantor Agreement. A Grantor Agreement is not final until signed by the Department designee.

The agreement incorporates, as applicable, information developed from the "Comprehensive Survey and Facility Development Plan".

The contents of the Grantor agreements may vary depending on the type and level of Business Enterprise Merchandising Operation, such as whether it is an:

- Assigned/unassigned vending banks;
- Assigned cafeteria, snack bar, coffee shop - with/without vending machines;
- Assigned/unassigned vending route only;
- Assigned/unassigned non-food merchandising operation;
- Other (such as "revenue sharing" agreements).

Procedures

The BEP Contracts Specialist and a BEP consultant will both be present for discussions, beginning with the "Initial Survey," with potential Grantors for new merchandising opportunities and for amendments/renewals of existing Grantor Agreements.

After APOC and the RSA Administrator approve a new merchandising operation, the BEP Contract Specialist puts together the agreement, has the agreement reviewed by the RSA Contracts Unit



supervisor, and then processes it for required signatures.

The grantor signs two contract sets. The BEP Contract Specialist completes a DES Contracts Coordination Sheet and submits both original sets and coordination sheet to the RSA Contracts Unit supervisor.

The Contract Unit Supervisor assigns an "E538XXXX" contracts number (the "8" is specific to BEP contracts), reviews and forwards both sets to the DES Contracts Management Section (CMS) for DES signature. The DES/CMS retains one original signature set; the Grantor receives the second original signature set.

The RSA Contracts Unit retains a photo-copy of the agreement in its file and forwards a photo-copy and the original signature Grant set to the BEP Contracts Specialist.

The BEP Contracts Specialist retains the photo-copy and sends the original signature set, with a transmittal letter, to the Grantor.

The copies are filed by BEP in the appropriate Grantor file. Grantor files, of both actual and potential grantors, are maintained in accordance with records retention policies in place for BEP.

i. DES Vending Machine Income Distribution agreements

The only exception to the use of a Grantor Agreement is the use of a DES Vending Machine Income Distribution agreement. These agreements provide for BEP to manage vending machines in DES buildings. This arrangement is governed under Article 54-01 through 01.D, "Rehabilitation Services, Regulation of Vending Machines in DES Facilities"



of the DES Policy Manual.

Policies for DES vending machine management agreements:

- i. As authorized in accordance with DES 1-54-01 (formerly "DES Policy 36"), the BEP manages unassigned vending banks in DES buildings and has exclusive right to revenues from these vending machines.
- ii. The BEP makes appropriate arrangements for collection of revenues, stocking machines, etc. with local office managers, as necessary. A written copy of local arrangements must be maintained in a separate central file "DES Grantor file".



2. *Establishment And Stocking Of a Business Enterprise Merchandising Operation*

The BEP shall provide each business facility with suitable equipment, adequate initial stock, utensils, and cash necessary for the establishment and operation of the facility. The Operator shall return the equipment, stock, utensils and cash upon surrender of the facility.

What follows are the categories of equipment and supplies needed to establish and stock a Business Enterprise Merchandising Operation.

No authorizations or expenditures for initial equipment or supplies (including modifications to a new BEP facility) will be made until there is an approved and signed Grantor Agreement.

a. Initial stocks and supplies (paid for by BEP):

Initial stocks and supplies include:

Foods and other items for resale;

Supplies and other consumable items not for resale (e.g. cleaning supplies, cooking supplies, seasoning, paper products, etc.).

The amount of initial stocks and supplies to be provided a new BEP food/drink merchandising operation will be based on a forecast for the first 2.5 weeks of the operation.

The amount of initial stocks and supplies to be available for an existing BEP food/drink merchandising operation (for a new incoming operator) is based on a forecast for the first 2.5 weeks of the operation using the average actual gross sales data for that facility for the last six months.

The amount of initial stock and supplies to be available for Gift Shops and other non-food Business Enterprise Merchandising



Operations is individually negotiated for other facilities, such as gift shops.

b. China, flatware (purchased by BEP)

China and flatware include: coffee/tea urns, china and flatware.

The initial inventory of coffee/tea urns, china and flatware (for cafeterias that will use these items) will be computed separately from initial stock. The initial amount to be purchased by BEP will be based on the *Shamrock Kitchen Guide* (appendix) for each 100 customers to be served.

The value of the china and flatware provided by BEP is included as part of the operator's responsible inventory.

c. Initial Cash (provided by BEP)

Initial cash is provided by BEP to a new operator for use in vending machines, money changers, and cash registers (this includes the amount of money actually placed in the vending machine, money changer, or cash register and the amount of money that goes into the cash bank).

The amount of cash to be made available is calculated as follows:

\$55 will be provided per vending machine.

For money changers, the amount must be negotiated.
Negotiations start with \$100 dollars per machine.

For cafeterias, snack bars and other vending operations, \$250 cash will be provided per each register.

Exceptions to these rules for establishing the beginning inventory for a Business Enterprise Merchandising Operation must be approved by the RSA Administrator.



d. Kitchen Appliances and Equipment

Kitchen appliances and equipment include a wide range of items such as: freezers, stoves, sinks, slicers, mixers, toasters, pots and pans, carving knives, scales, racks, carts, can openers, microwaves, toaster ovens, etc.

Decisions about what, and how many, kitchen appliances will be purchased for a new location will be made by a committee of two BEP consultants and a member of APOC.

Planning for large kitchen equipment is included in the facility survey and facility development planning process.

Kitchen appliances and equipment remains are purchased and owned by the BEP. They remain the property of BEP and the BEP inventory.

A detailed inventory of all kitchen appliances and equipment will be done when an operator accepts a Business Enterprise Merchandising Operation. A signed copy of this inventory will be filed with the Operator Agreement. The operator will be assessed for any inventory that is lost and has not been replaced when he/she leaves the operation.

e. Vending Machines

Vending machines may be assigned to a BEP operator or managed by BEP as an unassigned location.

Income from vending machines will be separately accounted for.

Vending machines are maintained by, and remain the property of, BEP.

f. Vending Routes



Vending Routes consist of one or more vending banks in different locations: (1) that have been assigned to a BEP operator who does not also operate another type of Business Enterprise Merchandising Operation or (2) that are unassigned and are managed by BEP through contract arrangements.

The following only applies to vending routes.

Vehicles

BEP will not provide or purchase vehicles for vending routes.

BEP will allow deductions for documented operator owned or leased vehicle operating expenses (such as gasoline, repair, insurance, and preventative maintenance) for purpose of computing the net profits of the operation (on which BEP operator assessments are based). To document such expenditures, both mileage information and a record of expenditures will be sent in by the operator with the monthly statement.

If the vehicle is used both for business and non-business purposes, the amount of deductible business expense is computed by multiplying the % of business miles (of the total miles traveled in the month) by the month's documented operating expenses.

Federal mileage rates (used for computing taxes) multiplied by the miles traveled during the month will be used for deducting expenses for vehicles not owned or leased by the operator.

Storage

The operator is responsible for identifying and obtaining



his/her own storage.

Rented or leased storage

The costs of rented or leased storage for the vending route operation may be deducted for purposes of calculating the BEP operator assessment.

Operator owned storage

For use of storage owned by the operator, the operator can deduct a percentage of costs equivalent to the % of square feet dedicated solely for BEP operation storage.

The State is not liable for leases or rental agreements negotiated by an operator.

The agreements relating to deductible expenditures are recorded in the Operator's Agreement.

g. Adaptive Equipment

- i. The BEP provides operators with adapted equipment which is standard for the BEP operation based on: the location, business volume, and need of blind operators to perform normal business functions. When adaptive equipment is provided by BEP, it remains with the Business Enterprise Merchandising Operation.
- ii. The VR counselor will provide to new operators separate hardware and/or software to adapt basic computers to the needs of a specific operator when it is:
unique to that individual,
not standard for the type of Business Enterprise Merchandising Operation,
portable, and intended to be retained by the operator.
- iii. While the BEP will include a large monitor, screen magnification and voice output as part of standard



equipment for which the BEP is responsible, the VR counselor will provide refreshable braille and voice input software, as appropriate.

- iv. The VR counselor will include costs of installation and training in the use of adaptive hardware or software.
 - v. Any disagreement regarding what is to be an BEP asset rather than a individual operator (client) asset which cannot be resolved between the VR counselor and the BEP consultant will be resolved by the RSA Administrator, or his designee.
 - vi. Once an operator has been successfully placed in a BEP operation, the BEP will accept responsibility for the purchase of additional AT which may become necessary later and for the maintenance and repair of the AT provided to the operator.
- h. Office Equipment and Other Goods/Services
- i. BEP provides office equipment including: cash registers, phones, computers, calculators (talking or not), coin or dollar bill sorters and counters (with or without voice output), scales, tape recorders, CCTVs, office supplies, etc. according to standards set by the BEP for the type and size of the BEP merchandising business. The equipment may be used by either the operator or his/her staff.

When computers are purchased (made available), the monitor will be at least 19" and the software will include screen magnification and voice output.

Office equipment remains on the facility's inventory and remains the property of BEP. Portable computers, coin counters, etc. may be used at the operator's home for business purposes.



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- ii. The VR counselor pays for:
 - Initial state and city licenses, permits, and one year's worth of liability insurance for the operator's first location;
 - The first quarter of Workman's Compensation coverage.



D. RECRUITING, PREPARING AND TRAINING OPERATORS

1. *Reciprocity*

The BEP does not have reciprocity with other BEP programs in other States. All candidates, regardless of their past experience, must be (or become) VR clients in the State of Arizona.

2. *Identifying and recruiting of a potential referral*

When a Vocational Rehabilitation (VR) client expresses an interest in the Arizona Business Enterprise Program (BEP), the client will be introduced to the BEP through participation in the following activities (the primary contact is the VR counselor):

- a. The VR client will view the video "Business Enterprise Program Opportunity Unlimited" (introduced either as part of the adjustment to blindness group training or separately by the counselor). This is a required activity. Client will receive a copy of the *Introduction to BEP Letter*.
- b. At a minimum, the client will visit one BEP location as an introduction to BEP (visits to three locations are recommended). These visits may be made by the client unaccompanied, or accompanied by the VR counselor or the BEP training coordinator. The VR counselor is responsible for requesting the BEP training coordinator to schedule the visit(s). The VR counselor will make the arrangements with the client.
 - i. The client will subsequently be scheduled to meet with BEP staff and an operator for the purpose of being given additional information about BEP as a career. The *BEP Nine Step Process/Checklist* will be discussed. The BEP Training Coordinator will arrange the meeting.
 - ii. The client will be invited to attend Arizona Participating Operators Committee (APOC) meetings. Attendance at one such meeting is required.



3. ***Qualifying an individual for entry into the BEP***

(NOTE: the VR counselor is responsible for developing this information which must be completed prior to acceptance into formal BEP Training):

Individual must meet minimal programmatic requirements, as follows:

Be legally blind,

The counselor will verify that the individual meets requirements for legal blindness as follows: ***“Legally blind person” means a person who, after examination by an ophthalmologist, has been determined to have no vision or acuity or has a central visual acuity of 20/200 or less in the better eye, with the best correction by single magnification, or who has a field defect in which the peripheral field has been contracted to such extent that the widest diameter of visual field subtends an angular distance no greater than 20 degrees.***

Be at least 18 years old,

Proof of age can consist of any of the documents used to establish citizenship and ability to work in the US that contains the individual's birth date or:

Original or certified copy of a birth certificate;

A Driver's License or ID card issued by a state, which contains a photograph.

Be a citizen of the United States,

Proof of U.S. citizenship can be verified by:

- (1) Original or certified copy of a birth certificate issued by a state, county, etc. and bearing an U.S. official seal;
- (2) U.S. passport, expired or unexpired;



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- (3) Certificate of U.S. Citizenship (INS Form N-570 or N-561)
- (4) Certificate of Naturalization (INS Form 550 or 570)
- (5) Native American tribal census document;
- (6) Citizen ID (INS Form I-197).

- iv. Must be able to work in the U.S.

The individual must have an original Social Security card.

- b. Must have basic skills

The counselor must provide a statement(s), and any available backup information, that the individual has the basic skills to learn how to operate a vending facility, as follows:

- i. The individual has adequate basic orientation, mobility, and living skills;
- ii. The individual has adequate academic skills and aptitudes to participate in BEP operator training;
- iii. The individual will be able to work at least forty hours a week and meet the physical demands of the job.
- iv. In part, the information required to make these determinations will include:
 - Orientation & Mobility evaluation
 - Rehabilitation Teaching evaluation
 - An aptitude screening tool developed by BEP
 - A Current Health Appraisal.*
 - An assistive technology assessment which includes the use of the *Technology Profile /Assistive Technology Plan.*

- c. Must be suitable:



Required background checks consist of; checking for prior felony convictions or current felony charges, checking an individual's credit worthiness, and determining if the BEP applicant had prior BEP Program involvement in other states and did not leave in good financial standing. Normally these checks would be performed while the client is in status 10.

i. Felony check

Since there is not contract vendor for this service, the Counselor may use the vendor of choice. One vendor that has been used in the past is Pinkerton Investigation Services. The process for this vendor is as follows:

Pinkerton will accept a letter of authorization and expect to provide a felony check within 3 days. This information is considered public records and does not require a client signature or release of information form.

- Name: Pinkerton Investigation Services
 - Vendor ID: 19294 0001
 - Phone: 602-279-3001
 - FAX: 602-279-2928
 - Service Code: 0020106.90 "Other Evaluations"
 - Price:
 - Federal Felony Records: \$20.00
 - State Felony Records (per County*) \$20.00
- *Normally one would only check those counties where the client has lived.

There may be other Pinkerton agencies outside of Phoenix.

ii. Credit Check

The contract vendor for this service is Credit Data Southwest Inc.

Obtaining a written credit report will be the responsibility of the VR client. The VR counselor will assist the client



in the completion of the credit report order form. The form can be obtained from the BEP Training Coordinator, who can obtain them from Credit Data Southwest Inc.

The type of report to be requested will be the Premier Credit Report (Executive) as this will provide nationwide results from all three of the major credit bureaus. The credit report will be sent directly to the client's home address. It is the client's responsibility to deliver the original copy of this report to VR.

The report can be ordered from Credit Data Southwest Inc. by phone or fax using a credit card; or by mail using a personal check or money order.

For phone orders the RSA account contact is Ben Armstrong at (602) 252-6951 X3734. The cost of the credit report is \$25.00 plus \$2.95 for shipping.

- Use Service Code 0020106.90 "Other Evaluations"
- Use the client voucher procedures (see Article 2, Section 7 for more information)
The Client uses a personal check, money order, or credit card to pay Credit Data Southwest Inc. directly for the service.

iii. Check of prior involvement in BEP programs in other State(s)

As a part of the background history evaluation, those clients who have been BEP operators in other states will be asked to sign a release of information form (VR016) to allow the Arizona RSA to make inquiries regarding his/her financial standing with other BEP agencies.



SUGGESTED INQUIRY FORM

Name _____ SSN _____

THE ABOVE NAMED INDIVIDUAL HAS APPLIED FOR CONSIDERATION FOR THE BEP IN ARIZONA. AS A PART OF THAT PROCESS HE/SHE HAS GIVEN US CONSENT TO MAKE INQUIRIES REGARDING THEIR FINANCIAL STANDING WITH YOUR AGENCY.

1. Was this individual a licensed operator in BEP?
2. If so, what date did he/she enter the program?
3. What date did he/she leave the program?
4. When this individual left BEP was he/she in good financial standing with your agency?
5. Did this individual leave BEP owing any money to BEP or vendors?

iv. How to deal with sensitive information

The results of these background checks will be received and reviewed by the VR counselor. If there is information that is negative or problematic, the counselor will review the information with the client and obtain any clarifications.

Relevant information is sent to the BEP Program Manager who will review the information and determine whether any of the information is relevant. Relevant information is defined as information related to: back taxes that are due; current or previous participation in another BEP program; owing money to another BEP Program; business bankruptcies; and felonies. After this review, irrelevant information is discarded and relevant information is provided to the selection committee.

This information must be held confidential and will not be maintained in the Operator's file. Negative results cannot, of themselves, be used to disqualify an



individual. The results must be evaluated against the requirements for a BEP operator and applied appropriately.

- d. Must be ready for a referral to the BEP

An individual is ready to be referred to the BEP when he/she is:

- (1) able to function independently in business to the degree that the client's needs have been addressed by VR,
- (2) medically stable with all necessary physical restoration services completed.

4. Referring procedures/requirements

A client of the Department's Vocational Rehabilitation Program who expresses interest in participating in the BEP program and meets the criteria for referral shall be referred to the BEP by the vocational rehabilitation counselor.

The application packet and supporting information should be transferred to the BEP training coordinator using the standard *Referral (VR-021)* form.

A file will be set up for the individual at BEP. The application packet, prepared by the counselor, will contain:

- i. The completed *Referral (VR-021)* form.
- ii. The completed *Application for the Business Enterprise Program* form. It will be signed by the VR client, a BEP representative, and the VR counselor.
- iii. Copies of the following Assessment
Vocational assessments.
Psychological evaluation.
The *Technology Profile /Assistive Technology Plan*
Credit Check
Felony Check



Information from other States (for applicants who participated in BEP in another State.

- a. The *BEP Nine Step Process/Checklist* (see *Appendix*) and the client's demographic data produced by IRIS (QCM110).
- b. BEP shall review application packets for completeness and shall return incomplete packets to VR.
- c. Applicants will be scheduled for a two week non-paid Job Shadowing which will provide the applicant with exposure to the BEP program.
- d. Completed final packages, including the results of the Job Shadowing experience shall be referred to the BEP for use by the screening committee.

5. *Job Shadowing*

To provide the client with an opportunity to observe the job firsthand, and for the BEP to identify any potential problems, the client will participate in a minimum non-paid two week exposure to BEP.

After all of the preceding information has been verified and has been reviewed and evaluated by BEP staff, the BEP training coordinator will set up the job shadowing placement (after contact with the VR counselor). The VR Counselor will provide the BEP Training coordinator a letter verifying workman's compensation coverage for the client.

The job shadowing involves observation only, it will not involve performing job tasks. The client may be assigned to more than one BEP merchandising location and to more than one level of merchandising operation. Clients are expected to be at the facility at the assigned times, be dressed and groomed appropriately and meet health and safety standards of the food service industry. Clients are encouraged to ask questions and actively observe the BEP manager's activities.



- a. The trainee's attire must be appropriate, clean, neat and in good repair;
- b. Appropriate hair constraints must be used;
- c. Shoes must have enclosed toes and non-skid soles;
- d. T-shirts or tank tops will not be worn (unless approved by the operator and worn in conjunction with a smock);
- e. The trainee must meet any other dress code requirements contained in a facility's Employee Handbook or that that may have been established by the operator of the facility.

The BEP Training Coordinator will make the assignments, prepare the client, and make the necessary arrangements with the assigned BEP operators.

The BEP operator is instructed to inform the BEP Training Coordinator of any issues that may arise during the job shadowing who will deal with the problem or refer it back to the VR counselor. At the end of the job shadowing period, the BEP operator will furnish both the VR counselor and the BEP Training Coordinator with a written evaluation of the client and his/her level and quality of participation in the job shadowing.

6. *Formal acceptance into the BEP training program*

- a. The BEP Training Coordinator will convene a screening committee to review all of the pertinent information that has been generated to-date to determine whether the individual should be accepted into the formal BEP manager/operator training.
- b. The screening committee shall be comprised of two BEP operators, two BEP staff, the Chairperson of APOC and the Manager of the BEP.



- i. Two voting BEP staff members shall be appointed by the BEP manager.
 - ii. Two voting BEP operators shall be appointed by the chairman of the Arizona Participating Operators' Committee (APOC).
 - iii. The BEP supervisor shall act as the chairman of the committee. He shall vote only in the event of a tie. The committee chairman shall consult with the chairman of APOC before casting his vote.
 - iv. The referring vocational rehabilitation counselor shall have no vote.
- c. The screening committee shall:
- i. Review the candidate's work history;
 - ii. Interview the candidate relating to voluntary participation in the BEP program, the candidate's job qualifications, and results of job shadowing. After this review, the VR counselor and the client will be excused so that the two BEP operators and the two BEP staff members on the committee can vote. The voting will remain confidential;
- Vote to accept into training (or reject the candidate and return him/her to VR for further services);
- Provide their decision in writing. In the event of a rejection, the written decision shall contain the reasons for the determination, recommendations for remedying any deficiencies, and the individual's right to appeal.
- The BEP Training Coordinator will notify the client and the VR counselor about the results of the vote and provide them with the written decision. If the client wishes to appeal the decision, the BEP Training Coordinator will assist the



individual to access the appeals process.

A BEP Letter of Understanding will be signed by the client and the counselor prior to the initiation of the formal training.

7. AT Assessment

Before formal BEP operator/manager training is started, an AT assessment must have been completed and the client provided with any assistive technology necessary to successfully participate in BEP sponsored training (i.e. any individualized Assistive Technology which is over and above that made available by the BEP for all BEP trainees).

8. Training

Once accepted into training, a candidate may be trained for one or all of the levels of Business Enterprise Merchandising Operation operations.

The training curriculum described below is designed to help individuals meet the "Basic Competencies for Operators" (See appendix). These competencies relate to operating a cafeteria. BEP licensees generally are expected to be able to manage a cafeteria even though not all BEP operations require all of this knowledge or all of these skills. In other words, the training program described below is sufficient to qualify the trainee for licensing at Level Three.

Trainees are encouraged to maintain their own records of training received as these may be important in the Operator selection process and in qualifying for upward mobility assignments. Training consists of three phases:

a. Operator Training Phase

This phase includes:



- i. Introduction to cafeteria operations and equipment (this training may be included as part of the Internship);
- ii. Classroom instruction (equivalent to 21 credit hours) in the following areas:
 - (1) Food Service Purchasing, incl: perspectives and principles on selection and procurement, in general and in relation to specific food and supply items (3 credits);
 - (2) Introduction to Nutrition (3 credits);
 - (3) Menu Planning (2 credits);
 - (4) Food Service Management, incl. principles of food, beverage, and labor cost controls (3 credits);
 - (5) Business Calculation (3 credits);
 - (6) Certification Health, incl. applied food service sanitation, accident prevention and management, etc. (1 credit);
 - (7) Techniques of Supervision, incl. supervision in the hospitality industry, leadership, effective communication, creating a positive work climate, developing job expectations, recruiting, orienting, training employees, employee evaluations, discipline, decision making, problem solving and delegating (3 credits);
 - (8) Introduction to Business, incl. basic communications skills, vocabulary, listening, resumes, oral presentations, etc. and introduction to business practices and principles (3 credits).

The BEP training coordinator is to review and approve specific courses available in the community to determine



if they meet requirements of BEP training.

Introduction to Business and hands-on experience may be included as part of the Internship.

b. Internship

This phase involves a paid internship to hone skills learned in classroom instruction and to introduce candidates to BEP requirements and processes.

The internship involves a minimum eight week on-site training (more if elements of Phase 1 are added) under the direct supervision of a BEP operator. The internship is coordinated by the BEP Training Coordinator. It is initiated concomitant with, or following completion of, Operator Training.

During the internship period, trainees are required to comply with the following dress code:

The trainee's attire must be appropriate, clean, neat and in good repair;

Appropriate hair constraints must be used;

Shoes must have enclosed toes and non-skid soles;

T-shirts or tank tops will not be worn (unless approved by the operator and worn in conjunction with a smock);

The trainee must meet any other dress code requirements contained in a facility's Employee Handbook or that that may have been established by the operator of the facility.

The trainee will be paid a stipend every two weeks from matched funds managed by BEP. The stipend amount will equal the DOL minimum wage.



NOTES: The VR counselor is responsible to provide workman's compensation coverage and provide the letter to the BEP operator. The BEP operator managing the facility where the internship is taking place will obtain additional liability coverage for intern's access to non-public areas (the cost of this extra coverage will be re-imbursed to the BEP operator by BEP from a BEP matched account).

NOTE: Trainees who have completed the first two phases of their training may apply for a location that becomes available provided that they have successfully completed the Orientation to BEP and APOC and have been licensed (as described below) on or before the application deadline date.

c. Orientation to BEP and APOC

The third phase of training is an orientation to BEP programmatic requirements.

The training will include:

- i. An Operator's fiscal responsibilities as regards record keeping, reporting, etc.;
- ii. An introduction to, and review of, the Randolph-Sheppard Act, as amended, and the Arizona "Mini Randolph-Sheppard Act" (A.R.S. 23-504);
- iii. An introduction to, and review of, the BEP Rules (6 A.A.C. 4, Articles 1 through 8) and of the BEP Policy Handbook (Article 8 of the RSA Policy Handbook). Special emphasis will be placed on Operator's fiscal responsibilities and reporting requirements;
- iv. An introduction to APOC;
- v. Receipt of a copy of the New Operator's Packet and the Randolph-Sheppard Handbook.



- vi. Orientation/training will include training on ADA, Titles I and II. The curriculum will be designed to include examples/scenarios and demonstrate the application of the ADA to daily BEP operator practices.

Throughout both of the first two phases of the training, the VR counselor will be provided monthly progress reports.

Training, and training materials, will be in accessible formats for blind operators. The trainee/operator can specify his/her preference for alternate formats. These preferences will be honored.

Successful completion of the Orientation program (per set standards) completes the training process for new operators and makes them eligible for licensing.

Successful completion of any phase of training means:

If a trainee misses five days or more of training without good cause whether consecutive or not, he shall be terminated. Good cause shall mean temporary illness of the trainee or family crisis.

If, during training or following completion of any level of training, it becomes apparent that the trainee lacks sufficient skills, knowledge, experience, health or other abilities, the BEP shall review the case, consult with the counselor, APOC, and the trainee, and either:
revise the training plan as needed; or
terminate the training and return the trainee to VR for further services as appropriate.

9. *Licensing as a "BEP licensee"*

Individuals eligible to apply for a BEP License:

Individuals who have successfully completed, under AzBEP auspices:
the required classroom training,



internship, and
orientation to BEP and APOC, or

Individuals who received the required instruction elsewhere, or
have been BEP operators in other States, and who
have:

Been certified by the National Restaurant Association,
and

Successfully completed:

A screening and verification of data (as described
for all persons entering the BEP training
program);

An eight week Arizona Internship; and

An Arizona Orientation to BEP and APOC (see
above).

The licensing process

The licensing process includes an application, a review of the
qualifications of the candidate (including evaluations done
during each of the three phases for individuals who have
completed BEP sponsored training), and an interview.

Licensing Committee

The Licensing Committee will be comprised of two Operator
representatives, two BEP staff, the APOC Chairperson, the
Manager of BEP and the VR counselor. The vote will be done
after an interview and a review of records. Only the two
Operator representatives and the two BEP staff will vote. The
BEP Program Manager will vote in the event of a tie, after
consultation with the APOC Chairperson.

The formal application review process

The formal application review process (per A.R.S. §41-1074,
the "administrative review completion time frame") starts on



the application filing date and shall be completed within two days.

The substantive review process

The total time from the end of the application review process to the date of mailing the license will be no more than 45 days (This time frame constitutes the "substantive review" phase of an application as required by A.R.S. §41-1075).

Immediately after the completion of the review process, the process for issuing an Operator License will be started.

Extensions of the licensing time frame

Extensions of the time frame for either the "administrative completeness review" and the "substantive review" part of the licensing process can be made by mutual written agreement of both parties but cannot exceed 25% of the combined time of the "administrative completeness review" and the "substantive review time frame".

The license shall remain in effect unless revoked or surrendered by the BEP operator.

The license shall specify the name of the BEP operator, the level(s) of the BEP business operation for which the license is valid, the issuance date, and the signature of the authorized Department representative.



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E. MATCHING OPERATORS WITH A BUSINESS ENTERPRISE MERCHANDISING OPERATION

1. License Requirement

A BEP business shall be operated only by a BEP licensee or licensed operator, unless a temporary operator is used according to BEP policy.

1. *The manager of BEP is responsible that all selection policies and procedures are followed.*

2. Selection Committee

a. The selection committee is responsible for managing the process of announcing the availability of a BEP merchandising location, of reviewing applications, of qualifying eligible applicants and conducting the final selection process.

b. The selection committee shall consist of:

- i. Two voting BEP staff members.
- ii. Two voting BEP operators appointed by the chairman of the Arizona Participating Operators' Committee (APOC).

The BEP supervisor shall act as the chairman of the committee. He shall vote only in the event of a tie. The committee chairman shall consult with the chairman of APOC before casting his vote.

The grantor for the available BEP business operation may attend the meeting but shall not vote.

3. *Maintenance of an up-to-date list of BEP licensees and licensed operators*

The Arizona Business Enterprise Program will maintain an up-to-date list of licensed operators and BEP licensees who are eligible to bid on an available Business Enterprise Merchandising Operation. This list will be available and reviewed at monthly APOC meetings.



- a. A review of each individual on the list will be made on his/her anniversary date.
- b. Both BEP licensees (licensed in accordance with the BEP policies contained in this Handbook) and licensed operators will be on the list unless their names have been removed, as follows:
 - i. The BEP License has been formally revoked;
 - ii. The individual has failed to meet requirements for maintaining their licensing set by the BEP but formal revocation of the license has not yet occurred;
 - iii. BEP has received a written statement from a BEP licensee or licensed operator rescinding their certificate or license and involvement with the BEP.
- c. The following individuals on the list will be separately identified:
 - i. Individuals who are temporarily disqualified (for 90 days after refusal) because they refused a placement for which they were selected.
 - ii. Individuals who are currently on performance probation.
 - iii. Operator who have been out of the BEP more than 12 months. (Such individuals will be re-screened and may be required to participate and complete additional training to update skills in order to be eligible for placement).

4. Steps in the selection process

There are three steps in the selection process:



- a. Announcing and accepting applications to operate a Business Enterprise Merchandising Operation;
- b. Qualifying eligible applicants;
- c. Selecting an operator.

All three steps must be followed regardless of the number of potential applicants - even if there is only one known applicant.

5. *Announcing and accepting Applications for placement in a BEP business operation.*

The process of identifying and selecting someone to operate a new Business Enterprise Merchandising Operation, or one that is or will be vacant, should be started at the earliest opportunity to provide for continuity at a Business Enterprise Merchandising Operation (e.g. for a new operation when the Grantor Agreement has been negotiated and is in process for signatures, when the BEP has been notified by existing operator of planned retirement, when an existing BEP operator accepts a new location, etc.).

The mailing of an announcement is the first step in the process of identifying potential candidates and selecting an operator. The announcements, including enclosures, will be sent by certified mail, return receipt requested.

The announcement (with inclusions) will be sent to:

All individuals on the current list of Licensed Operators
(all current operators, all operators on probation,
all displaced operators);

BEP licensees;

Courtesy announcements (clearly marked as such),
without the enclosures, will also be sent to:

The grantor.

Rehabilitation counselors for the blind (RCB).

BEP trainees who have not yet been certified.



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The announcement will include the announcement itself and accompanying enclosures, as follows:

The announcement notice itself will contain application instructions;

The Application deadline. The deadline date set for the receipt of applications will be at least 15 days after the mailing of the announcement, and may be more if speed is not essential for the specific situation;

Address where to send the application.

Who to contact if there are questions and how to contact him/her.

Information about the BEP merchandising location:

The name;

The location;

The type and size of the operation.

Estimated building population;

Type of merchandising operation and equipment in the facility;

Average gross sales for the last six months and percentages of gross profit, net payroll expenses, business operating expenses, profit from operation, and total purchases taken from the monthly Operating Statements;

Any information to clarify or qualify Operating Statement information and any known future,



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or planned, changes which may affect: sales, potential income, or the nature and type of the merchandising operation;

Contact(s) to obtain more information regarding the available merchandising operation.

A copy of the qualifications for applying (see above).

A blank application that contains, at a minimum, essential required information and a dated signature indicating interest in applying for the advertised merchandising operation. A signed letter of interest containing the required information will also be accepted.

The application form, or letter of interest, must include:

Full legal name;

The specific merchandising operation that the individual is interested in;

A statement that the individual is:

Either a BEP licensee (and date of licensing) or licensed operator in the State of Arizona (and date of license).

Legally blind.

In good standing (i.e. meets all of the preconditions to qualify for placement in a Business Enterprise Merchandising Operation and license has not been revoked or trainee licensing rescinded.

Qualified to operate the merchandising operation that is available.

The individual's dated signature.



The application will also contain pre-printed information about the fact that there is a priority order for selection and placement into a Business Enterprise Merchandising Operation.

Any additional information about the operation that may be useful or necessary for a potential applicant to decide whether to apply.

The formal notice shall be mailed at least fifteen (15) calendar days prior to the announced closure of the application filing period.

Application review and notification

The BEP shall inform the applicant within 2 working days from the application filing closure date if any required information is missing or if the individual is not qualified to apply.

If the BEP determines that the application information is not complete or correct, the BEP shall provide a list of the specific deficiencies in a written notice to the applicant and give the individual ten (10) working days to supply the missing information.

Review of the application, or letter of interest, for completeness. Completeness means, at a minimum, the identification of the BEP business he/she is applying for, the name and BEP status (licensed operator or BEP licensee) of the applicant, and a statement of interest in operating the business;

Verification of the individual's status as a BEP licensee or licensed operator through review of BEP records.

The BEP will acknowledge receipt of the application, or letter of interest, and inform the applicant on whether he/she met the



pre-screening criteria as soon as possible.

If the BEP determines that the individual is not eligible to apply, the BEP will explain in writing why this determination was made. The applicant shall have ten (10) working dates to provide information to the contrary.

At the same time that individuals are informed that their applications were received, qualified applicants are invited to the final selection process.

During the time of receiving the individual's application and the making of a final selection for placement into a new Business Enterprise Merchandising Operation, the BEP will determine whether the qualifies for selection into a new verify whether the individual is in good standing and is qualified to be selected.

6. *Qualifying an Eligible Applicant*

An eligible applicant must be in **good standing** for consideration of placement into a new BEP merchandizing operation.

Individuals who don't meet the following qualifying criteria for being in good standing are not included in the selection process nor are they interviewed.

Whether a currently licensed BEP operator applying for placement is in good standing is determined, as follows:

The individual shall:

Be in substantial compliance with the provisions of the Operator's Agreement: i.e.

Currently owe no debts to BEP without arrangements to pay back such debts. There may also not exist any defaults on arrangements that were made to pay



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back debts, as follows:

for someone not currently in a BEP location,
arrangements must have been made to pay
BEP back when/if they obtain a new location;

current operators must have paid BEP back BEP
before they can qualify for a new location, or
have no defaults existing on arrangements
made to pay back previous debts.

Not be in default on payment of assessments without
arrangements having been made to pay within 30
days of default.

Not currently be in non-compliance with the health code.

Not have had more than two substantiated customer
complaints during the prior six month period.

"Customer" includes both a customer of the Business
Enterprise Merchandising Operation and the
Grantor.

A "substantiated" complaint will be considered to exist
only when:

A written complaint has been received from a
customer; and

Follow-up on the complaint has been done by BEP
consultant and the consultant finds factual
evidence to support the complaint; and

The consultant has met with the operator on the
complaint and a written corrective action plan
has been attempted or initiated; and



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The operator was given an opportunity to appeal the corrective action plan; and

There was a failure by the operator to either accept a corrective action plan or to comply with an agreed on action plan within the time frames stated within that corrective action plan; and

The operator has been notified of failure to comply, it's potential impact on selection for placement in a new Business Enterprise Merchandising Operation, and a copy has been filed in the operator's file.

There cannot be a "substantiated customer complaint" if there was a failure by BEP to follow up on a customer complaint.

Have maintained a level of inventory adequate for the location in which the operator is currently placed.

As regards the criteria that an operator qualifies based on "Maintenance of a level of inventory adequate for the location...", he/she must:

Consistently maintain a level of "responsible inventory" consistent with the one filed with BEP and the Operator's Agreement;

Failure to maintain an adequate level of inventory must be documented by past inventories for at least the preceding two inventories. The results of these inventories must have been communicated to the operator, as well as information about the potential consequences for not maintaining an adequate inventory level.

Demonstrate a degree of profitability of the facility currently under the operator's management.



As regards the criteria that an operator maintain a "degree of profitability":

He/she maintains a profitability level that is not "unreasonably low". "Unreasonably low" profitability means that profit levels have been at least two percentage points below the preset percentages during the past six months and that there are indications that this is due to operator negligence or mismanagement.

Profitability is determined by dividing the "Adjusted Net Profit" by the month's "Total Income" from the monthly operating statement. This percentage is compared to target percentages set for the operator's type of merchandising operation as listed on the "Profitability Chart".

The Profitability Chart must have been available to the operator (see Appendices) and the applicable level for the specific BEP location must have been identified to the Operator.

NOTE: When this criteria becomes a qualifying issue, the operator will have an opportunity to respond before a disqualification decision is made.

Show involvement in training and seminars.

On operator does not meet this criteria when:

He/she does not follow through in attending seminars or training after having been advised of a deficiency and required to comply with a training plan;

He/she fails to attend any other training that was identified as being mandatory without being "excused" (see below);



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Have attended the entire last "all operators" meeting, unless excused.

Attendance at the "entire" meeting means being present at the "call to order" until announced adjournment.

An "excused" absence means a written request to the APOC Chairman to be excused. No request to be excused will be accepted if it is made more than ten (10) days after the meeting. The APOC committee will determine whether to grant an excuse at its next scheduled APOC meeting.

Not have refused placement in Business Enterprise Merchandising Operation in the last 90 calendar days without good cause.

A displaced operator shall have met the qualifications of a current operator at the time he/she was "displaced".

Whether a BEP licensee applying for placement is in good standing is determined, as follows:

The individual shall:

Have relevant knowledge, skill, training, prior experience or education.

"Relevant knowledge, skill, training, prior experience or education, and the performance of the individual during training" are evaluated at the time an individual becomes a "BEP licensee" (see above).

Have been licensed by the Arizona BEP as a "BEP licensee", and

Have successfully participated, as appropriate, in follow-up training if he/she has still not been placed within a Business Enterprise Merchandising Operation after 12



months of licensing.

Qualifications - other

For any licensed operator who has not operated a Business Enterprise Merchandising Operation for twelve months or more, the background checks done for an applicant trainee will be redone (see policies discussing background checks for applicant trainees, above), as well as a new:

Financial review;

Review of skills;

Review of fitness for operating a facility.

7. *Process for selecting a qualified eligible candidate for an available BEP business operation*

An information packet will be sent to all eligible applicants who met qualifying criteria for placement. The packet will include:

The priority order for selecting an operator;

The time frames for completing this part of the process;

Information to the applicant that the selection process includes an interview and an oral examination to determine the individuals general knowledge. The list of potential questions that may be asked as part of the interview will be included in the packet;

A request will be made for the applicant to develop, and bring to the interview, a proposed business plan for the location. The applicant will be told that he/she is expected to present the plan and what evaluation criteria will be used.

For existing operators, the package will include a list of items that will be discussed about their current or recent history with BEP as part of the interview. Advise to the applicant should suggest that the applicant bring along



supporting information or documentation as appropriate.

Profitability of current operation (e.g. Copies of operating statements);

Participation in training;

Complete and timely submission of monthly reports;

Bill payment history (timeliness, regulatory, debts);

Compliance history (e.g. sanitation, repair, maintenance, etc.) as contained in sanitation and consultant reports;

Participation in BEP activities, such as:
(For APOC members) attendance at APOC;
(For all active operators) attendance at "All Manager" meetings.

The evaluation criteria that will be used.

Priorities in selecting an operator

The selection will be made of the best candidate in the following order of priority. The priority categories (from the highest priority for placement to the lowest) are:

Displaced operators who managed a BEP business at, or above, the level of the available BEP business operation.

All current BEP operators who manage a BEP business at, or above, the level of the available BEP business operation and who are no longer on initial probation.

Any current BEP operator who manages a BEP business at, or above, the level of the available BEP business



operation who is on initial probation.

Any trainee BEP licensee for the level of the available BEP business operation.

Notifying applicants of the selection committee's decision

Applicants shall be notified of the selection committee's decision by the BEP within seven calendar days of the selection. Those applicants who have not been selected shall be notified in writing of right to appeal and the appeal process to be followed.

If no qualifying applicant can be selected for placement, a temporary operator shall be placed.

A BEP licensee who has been certified within a year of the qualification review is automatically pre-qualified.

8. *Candidate Interview*

Applicants will be informed of the precise date and time at least five working days prior to the interview.

The final part of the process in selecting an operator involves an oral interview. Interviews with each candidate shall include: a review of his/her general knowledge; a discussion of the candidate's proposed business plan for the available BEP business operation; and a review, with the candidate, of his or her history with BEP, qualifications, work experience, training, and level of interest. Specifically:

The oral interview contains three elements:

- An oral test of general knowledge

- A presentation of the business plan

- A review, with the applicant, of his/her history with BEP, qualifications, work experience, training, and level of interest and involvement with BEP.



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Although the Grantor does not have a vote, Grantor's input will be solicited. Serious consideration will be given to the ideas and input of the Grantor.

Both the APOC Chairperson and the BEP Manager will be involved and present throughout the entire qualification and selection process, both to monitor the process and to participate, as necessary and permitted, in the decision making process.

Evaluation criteria will be as follows:

For presentation of the business plan, the individual is evaluated on:

- The quality of the presentation and knowledge of the business plan;
- The technical accuracy of the business plan;
- Evidence of familiarity with the available Business Enterprise Merchandising Operation;
- Completeness of the plan.

For the review, with the applicant, of his/her history with BEP, qualifications, work experience, training, and level of interest and involvement with BEP, the individual is evaluated on:

- How well the individual's experience and training correspond with the needs/requirements of the available location;
- How well any performance issues or questions have been resolved or questions answered;
- The level of interest and involvement with BEP
- The applicants appearance and general demeanor.

For the oral test portion, the applicant will be evaluated based on:

- The correctness of the answers;
- The completeness of the answers;
- The clarity and quality of the applicant's responses.



The actual selection (vote) will be based on the results recorded on scoring sheets provided for this purpose to committee members. The scoring sheet will contain separate scores for each of the 3 elements of the interview. The assigned weight of each element will be as follows: (0) for below average; (1) for average; and (2) for above average or excellent. For the test portion, individuals scoring in the top third of the potential best score will receive a 2, in the middle third - a score of 1, and in the bottom third - a score of 0.

The result totals will be tallied and certified by the BEP Manager in the presence of the APOC chairperson. The APOC chairperson will certify that process was correct.

In the case of a tie, the selection will go to the applicant with greatest seniority in the program as long as the scores are acceptable (at least a score of 1 or 2). If there is only one applicant, the applicant will be selected as long as the score is acceptable.

The interviews will be recorded on audiotape. These tapes and supporting documentation will be saved and kept on file for a minimum of 90 days after the selection in case of appeals.

9. *Review of Committee Selection and Notification of results*

The BEP Manager will share the voting results verbally with all candidates immediately following the selection committee vote. The BEP manager will also indicate to the candidates that the vote is not final until they are officially notified by RSA that there are no substantive issues with the selection.

The results of the selection process will be communicated to the RSA for review. The RSA will make known any issues they may have with the selection, or the selection process, within one working day upon receipt of the selection information.

If there are no substantive issues raised by the RSA, the results of the selection process will be communicated in writing to all



applicants (with a copy to the VR counselor, the BEP Contracts Specialist, and the Grantor) within a day of the selection decision. This communication should be done before, or at a minimum concomitant with, any public announcements.

The letter to the applicants will be in writing and contain information relating to rights of appeal and the process to be followed.

All persons involved in the selection process shall not discuss or release any information pertaining to the selection at any time unless requested to do so by RSA, BEP or APOC.

10. *If same or another Business Enterprise merchandising Operation becomes available within 30 calendar days*

If the business operation becomes available again within 30 calendar days of the original selection, or if the selected operator refuses the placement, the Supervisor of the BEP shall make another selection from the candidates qualified earlier, using the same priority rules.

11. *Refusal of a location – disqualification for 90 days*

Any BEP operator, BEP licensee or displaced operator who applies and is selected for placement in a Business Enterprise Merchandising Operation and then refuses the placement without good cause shall not be considered for any new placement for 90 calendar days.

For purposes of this section, good cause shall include temporary illness of the individual, family crisis, or a facility location that is inaccessible by public transportation.

12. *AT re-assessment after selection*

The BEP staff will immediately involve the selected BEP Operator and the VR counselor to initiate an assistive technology reassessment in order to determine if there is a need for any additional or different assistive technology services (devices and training) to ensure success in the placement.. These services must



be expedited and completed as soon after the selection as possible.

13. *Orientation and training of the new operator*

Orientation and training of the new operator in terms of the specific requirements of the job including: review of the Grantor's Agreement, Operator's Agreement, reporting requirements, procedures for obtaining technical assistance, etc. will be provided by the assigned BEP consultant.

14. *Initial six month probation period*

A BEP licensee selected for placement into a Business Enterprise Merchandising Operation will be placed on an initial six month probation period (see Section on Performance Requirements for discussion of "Initial Probation"). An operator who has not managed a BEP operation for over a year may also be placed on an initial probation.

After selection of an operator is properly completed, a formal letter is initiated by the BEP Contracts Specialist and forwarded to the Contracts Unit supervisor, with a Coordination Sheet.

The Contracts Unit supervisor assigns an "LXXX" contracts number (the "L" will be specific to BEP licenses for operators).

The license is signed by the RSA Administrator.

When the signed license is returned to the Contracts Specialist, the plaque can be ordered by the BEP Contracts Specialist.

15. *Operator's Agreement*

A standard operator's agreement has been developed by the BEP in active participation with APOC.

Any changes in the standard operator's agreement shall not be adopted before APOC has an opportunity to present the proposed



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agreement to the operators for input at an all operators meeting, following which additional discussions between BEP and APOC shall be conducted if needed.

A BEP facility shall be operated only by a person who has executed an agreement for operation of a Business Enterprise Merchandising Operation with the Department.

An Operator's agreement will be developed and signed by the operator on the day that the operator takes over management of a Business Enterprise Merchandising Operation: i.e. at the time of the inventory. The Operator's Agreement is not time limited and will remain in effect, as is, until officially modified or rescinded.

The Operator Agreement and the Grantor Agreement will be presented and read to the incoming operator at least three days prior to the take-over/inventory day. The BEP will also have the operating permits available. At that same time, the incoming operator is to submit a copy of all required licenses and insurance.

See Contracts section for specific instructions for development and processing of the Operator's Agreement.



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F. CLOSING AND COMBINING BUSINESS ENTERPRISE MERCHANDISING OPERATIONS AND CREATING UNASSIGNED LOCATIONS

1. *Decision By BEP To Abandon An Existing Business Enterprise Merchandising Operation Or To Combine Two Or More Existing Operations*

- a. Reasons to abandon or combine existing Business Enterprise Merchandising Operations include:
 - i. When a Business Enterprise Merchandising Operation does not generate sufficient income to sustain an operator and cannot reasonably be expected to become profitable; and
 - ii. The Business Enterprise Merchandising Operation cannot, or should not, be combined with another existing Business Enterprise Merchandising Operation; or
 - iii. Unavailability of a qualified BEP operator.
- b. Process to decide whether to abandon or combine locations

The decision to abandon or combine an existing Business Enterprise Merchandising Operation, based on low profitability must follow the following process:

- i. Monthly reports must indicate insufficient revenues based on standards for a "successful" Business Enterprise Merchandising Operation.
- ii. When there are insufficient revenues in succeeding months which cannot be explained by a seasonal fluctuation or other known factors, the BEP consultant will identify the operation as a "problem" operation and begin work with the existing operator to determine the reasons for low revenues.



- iii. The BEP consultant will notify both the APOC chairperson and the BEP manager of an operation's "problem" status. A committee will be formed to develop a proposed action plan, including time-frame for a final report/ recommendation.
 - iv. The APOC chairperson and the BEP manager will monitor the action plan and act on a consultant's recommendations. Actions can consist of a plan to make the operation profitable, a decision to abandon the operation, strategies to combine the operation with another existing or with a new operation, or converting the operation into an "unassigned" location.
- c. A decision to close a BEP operation

A decision to abandon a BEP operation can be based on:

- low profitability and no reasonable alternative to make the operation profitable (by combining operations, expanding the operations, etc.); or
- unavailability of a qualified operator or a BEP licensee and no reasonable way to obtain a qualified or temporary operator; or
- inappropriateness of converting the operation into an "unassigned" location.

A decision to abandon an operation can be made only by the Administrator of RSA on recommendation of the BEP Manager and concurrence of APOC.

Proper notice must be given both the Grantor as required by the Grantor Agreement and the existing operator. An existing operator becomes a displaced operator and has priority in obtaining a new location that becomes available for which he she is qualified (certified).



d. Combining two or more BEP operations

- i. If the profitability of a BEP operation cannot be enhanced to the required level, one option is to combine that operation with either another existing operation or with a new BEP operation.
- ii. Since combining two operations means that one person could become a displaced operator and the other acquires the potential for increased income, a decision to combine existing operations must be weighed carefully.
- iii. Selection of an operator to manage what used to be two operations is usually based on the nearness of the remaining operation to the one being combined and on an operator's ability to manage both operations. This decision is only made after full consultation between the Manager of BEP and the APOC.
- iv. The two operations being combined become a single operation. This means that the number of one of the locations is abandoned and that a new Operator's Agreement is developed which reflects the expanded Business Enterprise Merchandising Operation that results.

e. Managing an abandoned BEP operation

A BEP operation which is abandoned must be made available to qualified applicants as soon as possible.

In the meantime, the operation can be managed on a temporary basis by a "temporary operator" as described below.



f. Using a Temporary Operator

A temporary Business Enterprise Program operator shall be recruited for placement in a Business Enterprise Merchandising Operation by the BEP, after consultation with chairman of APOC, for a six-month period:

when a facility is abandoned; or

in the event no qualified legally blind person applies for assignment to a Business Enterprise Merchandising Operation; or

in an emergency.

The placement of a temporary operator may be extended on a monthly basis until such time as a qualified legally blind person is available.

The BEP shall consider placement of a temporary operator in the following order from the highest priority to the lowest:

displaced operator who managed a Business Enterprise Merchandising Operation at a comparable level.

A BEP licensee for a comparable level who is not currently operating a Business Enterprise Merchandising Operation.

An operator who is currently managing a Business Enterprise Merchandising Operation at a comparable level.

A displaced operator who managed a Business Enterprise Merchandising Operation at a lower level.

A BEP licensee for a lower level who is not currently operating a Business Enterprise Merchandising



Operation.

A vocational rehabilitation client who is a legally blind person.

A vocational rehabilitation client who is visually impaired.

A vocational rehabilitation client with a disability other than visual.

Any other person.

An emergency exists if there is less than three weeks available to select an operator after the operation is abandoned.

The selection process of a temporary operator is always an emergency selection and used very sparingly.

Emergencies can also include:

Establishment of new locations which are still in development and not yet able to generate sufficient revenues to sustain an operator;

Temporary locations which are not intended to become permanent locations;

Emergency requests for BEP to manage a vending operation until appropriate surveys can be done and decisions made in accordance with policies/procedures for establishing a new location.

Since use of a temporary operator carries so many risks and creates so many potential conflicts other options should be considered first, such as:

Making the operation temporarily an unassigned location;

Use of BEP staff to manage an operation;

Delaying the start-up of a new operation until a qualified individual is available or until the required level of profitability can be established.



A temporary operator must be terminated after six months or as soon as: (1) a qualified operator becomes available or (2) until a decision is made: (a) to merge the operation with another location, (b) to close the BEP operation altogether, or (c) to create it as an unassigned location (see above). Extensions can be made under the following circumstances:

- (1) The selection process for a new operator is started but not yet completed;
- (2) The operation is developmental and requires more time to develop.

g. Other

There shall be no exchange of business facilities between BEP operators. Any placement in a facility shall be made pursuant to this Article.

2. *Unassigned Business Enterprise Merchandising Operations*

a. Decision to create an unassigned location

A BEP location may be designated as an "unassigned location" when the operation is not sufficient to meet the standards for a successful "assigned" location and the operation is not likely to become successful within a six month period of time. Considerations:

Will the opportunity provided meet the profitability standards for an assigned location?

If the operation could become successful within a six month period of time, a temporary operator may be used, if necessary;

If there is not a qualified candidate available, a temporary operator will be used until a qualified operator becomes available.



Do federal or State law/regulations allow the merchandising operation to be either an assigned or an unassigned location?

Do the financing needs of the BEP require that the location needs to be an unassigned location?

Can the unassigned location be attached to an existing location?

Both the RSA Administrator and APOC must concur in a decision to make a Business Enterprise Merchandising Operation an unassigned location.

b. Unassigned locations becoming assigned locations

Unassigned locations must be reviewed at the time that an existing service contract ends and is being considered for renewal. The review is done by the BEP staff and APOC to determine whether the locations could become assigned locations.

When the potential exists to convert an unassigned location(s) into an assigned location, a plan for doing so must be drawn up.

If determined feasible, the unassigned location is converted using the standards and processes described in this BEP manual.

c. Management of unassigned locations

Stocking, management, and maintenance of such locations are contracted by BEP to DES contractors.

The terms of the contracts must be agreed to by APOC. APOC must also be involved in decisions about how the income from such locations is to be used.



G. OPERATOR SUPPORT SERVICES

1. *New Operator Installation, Training, Support*

(See Initial Training, Orientation to BEP and APOC)

2. *Ongoing Training/Upward Mobility Training*

At least once a year the APOC shall offer special training programs for BEP operators which shall be developed with the active participation of APOC and shall include education in new program developments or business and merchandising techniques and additional training to improve work performance.

BEP shall offer training to operators for promotion opportunities.

Process for Upward Mobility Training:

Skills enhancement training will be incorporated in the bi-annual "All Managers" meetings.

A standing committee (with lead from APOC and which also includes representatives from BEP and VR Program) on training is responsible to develop additional training opportunities for operators throughout the year.

3. *Remedial Training*

The need for remedial training is normally identified by the BEP consultant for the locations/operators he/she is assigned to, although the identification of such a need can be identified by APOC or BEP manager as well.

Remedial training is often a requirement for someone placed on performance probation but can be required under other circumstances:



For a returning operator who has not operated a facility within the past 12 months.

For an operator who is newly assigned to a Business Enterprise Merchandising Operation at a higher level than what he/she has been operating (i.e. has been operating a Business Enterprise Merchandising Operation at a level lower than what he/she is certified for).

As a preventive measure for an operator who has been identified as having deficiencies which are not yet severe enough to require being placed on probation.

When remedial training is requested by an operator.

Remedial training will only become a "requirement" for an operator when the BEP manager, after consultation with APOC, has decided to make it a requirement.

Remedial training is always based on an action plan. An action plan is prepared by the BEP consultant in consultation with the affected operator.

4. *Guaranteed "fair minimum of return"*

Eligibility for receipt of a guaranteed "fair minimum of return", and the amount of the payment, is based on data contained in the monthly operator's report.

The responsibility for requesting "fair minimum of return" payment belongs to the licensed operator.

The guaranteed "fair minimum of return" policy applies in two circumstances:

Net profits fall below the federal minimum wage income level in an existing location for an existing operator.



A guaranteed fair minimum of return shall be granted to a BEP operator by the BEP if the net profits over three consecutive months **average less than the prevailing federal minimum wage** and if the reason for the low net profits is beyond the control of the operator as determined by the BEP, following consultation with APOC.

See Section I, "Performance Requirements", (2, b) for the discussion of the operator's responsibility to maintain profitability levels and of the BEP Section to identify deteriorating performance and to initiate corrective actions.

The request for a "fair minimum of return payment" must be made within 45 days of the last day of the month when the individual became eligible for such payment (i.e. 30 days after the financial report was due for the third consecutive month of qualifying net profit levels).

The amount to be paid is the difference between the federal minimum wage level and the net profit for each of the preceding three months (and any subsequent month of net profits below the qualifying level).

The BEP shall notify the BEP operator of approval or denial of the request for a fair minimum of return within 15 calendar days of the operator's request.

Any denial by the BEP of a guaranteed fair minimum of return to a BEP operator shall be in writing and, unless presented in person, shall be sent by certified mail, return receipt requested. The denial shall include the reasons for the determination and notice of the right to appeal.

Net profits less than ten (\$10) dollars an hour for a newly selected operator in either a newly established or a recently remodeled/



refurbished operation.

A guarantee "fair minimum of return" of ten (\$10) dollars an hour may be offered to a newly selected operator who is placed either in a newly established facilities or in a location which has recently been remodeled/refurbished. This guarantee may be offered at the discretion of the BEP. It is offered only when it is expected that the customer base and/or sales will increase net income above that level within the first month or two.

When receipt of ten (\$10) dollars an hour per a forty hour week for the first thirty (30) days of operation has been guaranteed, the difference between the guaranteed level and actual net income will be paid by BEP to make up the difference. This guarantee can only be extended for an thirty (30) days at a time. No more than two extensions are permitted.

5. Consultation And Technical Assistance

A standing Operator/Consultant Relationship Committee, comprised of operators and consultants, will monitor and set standards for ongoing consultation and technical assistance (see Section I, for descriptions of existing operator and BEP Section performance requirements).

6. Operator Benefits

a. Medical/Life/Cancer Insurance

THE SLA AGREES TO:

i. Pay 100% of the Operator's insurance cost for life insurance up to a maximum premium amount designated by an APOC approved insurance plan.



- ii. Pay 100% of the Operator's medical and/or cancer up to a maximum premium amount designated by an APOC approved insurance plan. Insurance will not be paid to Operator's who have coverage through a family member's insurance plan.
- iii. Issue insurance coverage payments to the Operator monthly, quarterly, or as requested by the Operator based on his/her plan requirements, 30 days in advance of such payment due to the insurance plan.
- iv. BEP will pay the liability insurance for second, third, and other additional locations of an operator under the following conditions:
 - (1) The operator, in support of the program, assumed the facility as a temporary location and this facility is not attached the main location.
 - (2) Payment will not be made if BEP and APOC determines that the location has not been operated for profit. Both APOC and BEP must agree.
- v. Pay 100% of the administrative fee assessed for the Operator (not his/her family or employees) if the Operator requires an intermediary to handle the collection and disposition of premiums, and other necessary paperwork processing. The fee shall be included in the total payment issued to the Operator.
- vi. The charge to re-issue a retirement check after the 90 day expiration date is \$100.00. This fee will cover the administrative cost involved in re-issuing the check.

There shall be no charge to re-issue lost checks if BEP is notified within 30 days after the issue date.

THE OPERATOR AGREES TO:



- ii. Authorize the SLA to issue the payment for insurance coverage in his/her name for the purpose of participating in the group Insurance Plan selected by the Arizona Participating Operators Committee (APOC).
 - iii. Authorize the release of that payment to the APOC. The APOC will handle receipt, deposit/transfer of those funds to the Insurance Plan.
 - iv. Hold the SLA harmless for any actions, inaction, claims, losses or damages related to the receipt, deposit and management of the Insurance Plan.
- b. Retirement

THE SLA AGREES TO:

- i. Distribute vending machine income collected from federal unassigned properties to participating Operators of the BEP.
- ii. Disburse the income collected each quarter within 30 days following the end of each quarter to Operators qualified to receive such funds.
- iii. Use a pro-rata share method to disburse a fair share of the income to Operators who were new or left the program during the quarter.
- iv. The charge to re-issue a retirement check after the 90 day expiration date is \$100.00. This fee will cover the administrative costs involved in re-issuing the check.

There shall be no charge to re-issue lost checks if BEP is notified within 30 days after the issue date.

THE OPERATOR AGREES TO:



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Authorize the SLA to issue the quarterly retirement check in his/her name for the purpose of participating in the Retirement Account administered by the Arizona Participating Operators Committee (APOC).

Authorize the release of that payment to the APOC. The APOC will handle receipt, deposit and management of those funds.

Hold the SLA harmless for any actions, inaction, claims, losses or damages related to the receipt, deposit and management of the Retirement Account.



H. MAINTENANCE AND REPAIR OF MERCHANDISING LOCATIONS AND EQUIPMENT

Business Enterprise Merchandising Operations will be well maintained and equipment kept in good repair.

1. Preventive Maintenance

BEP staff are responsible for scheduled maintenance of the following items. The maintenance schedule for each Business Enterprise Merchandising Operation is filed in the BEP Facility File, along with the Grantor and Operator Agreements. A copy is provided to the operator. The maintenance schedule will include:

- i. Fire Extinguishers;
 - ii. Refrigeration units;
 - iii. Exhaust equipment.
- b. The operator is responsible for day-to-day cleaning and sanitation including:
- i. Cleaning grease traps and removing grease per set schedule;
NOTE: The BEP staff will obtain/maintain a schedule (and monitor the operator's adherence to the schedule) for checking and cleaning grease traps. The schedule is different for each location based on the size of the trap, the volume of business, etc. The schedule will be reviewed and signed both by BEP staff and the operator. The schedule will be filed with the Operator Agreement.
 - ii. Dishwasher descaling;
 - iii. Changing water, air and other filters;
 - iv. Changing lights and light bulbs;
 - v. Changing fuses.

2. Repair And Service

- a. Policies



Costs of repair and service for a Business Enterprise Merchandising Operation is arranged and paid for by BEP unless specifically authorized otherwise.

Repair calls to authorized vendors may come only from a BEP staff person. The BEP Manager and APOC chairperson will prepare and maintain a list of authorized operators who can place emergency repair calls when BEP staff are not available. Placement on that list is based on status within APOC and availability at other than normal work hours.

b. Procedures for repairs authorized by BEP

The operator places a repair or service request by telephone or FAX to the BEP assigned consultant, other assigned BEP staff, or to another authorized BEP operator in emergencies when BEP staff are not available.

The individual accepting the call completes the top portion of the *Vending Facility Work Order*.

The authorized individual to place a repair order:
contacts the BEP operator to schedule a service time.
places the repair order with the appropriate authorized vendor **and** confirms to the BEP operator who will be doing the repair and at what time (by sending the fax when possible).
mails or faxes the *Vending Facility Work Order* to the authorized vendor.
will schedule and do a follow-up call within 24 hours of the time scheduled for the repair.
if necessary, additional follow-up calls to the operator will be scheduled and made to check on whether the repair has been done and the operator's satisfaction with the repair.



The repairman must leave a signed copy of the work order and a note that work has or has not been completed.

The repairman's invoice is sent to the BEP office. The BEP staff (BEP Consultant for expenditures over **\$300.00** and BEP clerk for repairs less than that) reviews the invoice, verifies acceptability of the work with the operator, and authorizes payment of the bill.

The invoice with a dated "OK to Pay" from the BEP consultant written on it is provided to BEP fiscal services for payment.

The Operator will send copies of the completed work orders to BEP with the monthly reports.

c. Charges to the operator

Costs to the BEP for repair calls which turned out to be unnecessary or resulted from operator negligence or failure to do preventative maintenance will be charged back to the existing operator.

The process is as follows:

- i. The BEP consultant will contact operator for information about the repair call and indicate plan to do a charge-back to the operator;
- ii. If warranted, the BEP consultant will recommend, in writing, a charge back to the operator, the basis of charging back costs of a repair, and the \$ amount being assessed;
- iii. The BEP manager will sign and approve the assessment;
- iv. The original invoice and the request for the operator to pay BEP back, with a written explanation, will be sent to



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the operator with the monthly operating statement.

- v. The operator will indicate the fact and amount of the pay-back separately on his/her monthly operating statement.
- vi. The BEP operator can appeal a charge-back using the normal appeal procedures.



I. PERFORMANCE REQUIREMENTS AND PROBLEM MANAGEMENT

1. *BEP Operators - Minimum Performance Expectations*

BEP operators are expected to meet basic performance requirements, to maintain established profitability levels, and to actively participate in BEP activities.

a. Performance requirements

The BEP operator is expected to operate a Business Enterprise Merchandising Operation: (i) in a competent manner; (ii) in accordance with standards of behavior; (iii) in accordance with the appropriate existing Grantor Agreement; (iv) in accordance with the policies and procedures contained in this Policy Handbook; and (v) in a manner that is satisfactory to customers.

i. Competence

The BEP has developed a list of "basic competencies" for BEP operators. When applied and used, these competencies define professionalism for the BEP Operator. The "basic competencies" are divided into nine categories (see Appendix), as follows:

Administrative and Management
Marketing Management
Financial Management
Employee Relations and Supervision
Product Inventory Management
Food Service
Sanitation and Safety
Knowledge of BEP history, regulations, policies,
procedures
Management of Vending Machines.

ii. Standards of behavior



The BEP operator will maintain standards of behavior. Prohibited behavior includes:

- (1) Fraud in securing appointment as a BEP business operator;
- (2) Dishonesty in dealings with the grantor, clientele, or BEP staff;
- (3) Drunkenness or being under the influence of narcotic or other illegal substances while on duty;
- (4) Use of narcotics, alcohol, or other habit-forming drugs which impact performance and/or leads to conviction;
- (5) Behavior involving moral turpitude which results in final conviction of a felony or misdemeanor;
- (6) Discourteous treatment of the public;
- (7) Misuse or unauthorized use of State property.

iii. Compliance with Grantor Agreement

The BEP operator will respect the contractual relationship between the BEP and the Grantor. The BEP operator will not initiate discussions or engage in activities which affect or change the terms and conditions of the Grantor Agreement or the nature of the relationship between RSA/BEP (as the SLA) and the Grantor. The RSA/BEP alone can negotiate or process any changes to a Grantor Agreement.

The BEP Operator will abide by conditions and agreements contained in the Grantor Agreement. This is an agreement between the BEP and the Grantor relating to the conduct of the Business Enterprise Merchandising Operation. Specific attention needs to be paid to the



following:

- (1) The normal business/day hours and holiday schedule,
- (2) Compliance with all applicable health laws, and regulations,
- (3) Requirements to work with the Grantor and cafeteria committee for menu planning, resolution of customer complaints, etc.,
- (4) Coordination with the Grantor about access to the Business Enterprise Merchandising Operation and security issues,
- (5) Selection and Pricing policies,
 - (a) Selection of items to be sold will be consistent with those agreed to in the Grantor Agreement
 - (b) Prices to be charged shall be as agreed to in the Grantor Agreement.
 - (c) Prices cannot be raised without prior review of the grantor and approval by the BEP,
- (6) The number and placement of vending machines cannot be changed without agreement of the Grantor and approval by the BEP.
- (7) Maintaining the equipment and notify BEP to repair equipment in order to meet time frames specified in the Grantor Agreement.
- (8) Provide Grantor with a contact telephone # and name at all times to deal with problems/emergencies.



iv. Compliance with BEP Policies and Procedures

What follows is a list of the major policies and procedures that directly impact on the operator.

Each BEP operator shall submit **to the BEP Office a monthly operator's report by the 22nd** of the following month. The operator's report: (i) shall be on a form developed and prescribed by the RSA, in consultation with APOC, (ii) shall include all of the information required by the BEP, and (iii) shall be consistent with all reporting instructions provided by the BEP. This report contains a report of income, deductions from income, net profit, assessment to be paid, and adjusted net profit.

The BEP operator will pay assessments to the BEP per the Assessment Schedule, based on net profits. Monthly assessments which are due and owing to the Department shall accompany the monthly operator's report in the form of a personal check. If an insufficient funds check has been submitted in the preceding 12 months, the payment will be by certified check or money order.

Along with the monthly operating reports, the BEP operator will also submit:

Vending machine meter readings taken on the last day of each month;

Proof of payment of "regulatories" such as:
insurance (for policies that will expire in the following month), taxes, license fees,
unemployment insurance, etc.;

Copies of completed repair work done.

Merchandise taken from stock-in-trade of the Business Enterprise Merchandising Operation by the operator for his own use shall be accounted for by



the vendor and paid for at cost prices.

BEP will notify operators of debts which are overdue by regular mail. The assigned consultant will meet with the operator within one week after the letter is sent to be sure it was received and to answer any questions. Evidence must be provided within 30 days if the debt is incorrect or has been paid. The operator's right of appeal will be clearly outlined in the letter. If payment has not been made, or arrangements to pay are not made and approved within 60 days, the debt will be turned over to the DES Office of Accounts Receivable and Collections for further action. When payment of the full debt is not possible, BEP will consider the operator's current financial status in determining an acceptable monthly amount. Monthly payment arrangements will be made subject to a minimum of one review per year to determine if pay adjustments are necessary due to changes in the operator's financial status.

The BEP Operator will notify both the BEP and the Grantor of any voluntary leave or absence from the Business Enterprise Merchandising Operation a reasonable time in advance of taking such leave, and of any involuntary leave (sickness, emergencies, etc.) as soon as is possible.

The BEP operator will operate the Business Enterprise Merchandising Operation on a cash basis except for such credit accounts as may be established or approved by BEP manager.

The BEP operator will provide BEP (and maintain records of) documentation verifying insurance coverage. In case of renewals, documentation of coverage must be available 30 days prior to the renewal/expiration date of the existing policy as



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follows:

Public and product liability coverage (a minimum of \$1 million comprehensive coverage)

If the business operation includes vending routes that require use of vehicle as part of the business operation, vehicle liability insurance coverage is required(a minimum of \$1 million coverage).

The BEP operator will maintain the BEP merchandising facility and the equipment and follow all procedures and guidelines for preventive maintenance and equipment repair, incl: grease trap schedule, and any other preventive maintenance schedules on file for the Business Enterprise Merchandising Operation.

The BEP operator will maintain security of the facility and its equipment.

The BEP operator will do required complete inventories of their Business Enterprise Merchandising Operation and submit copies to the BEP at the end of each calendar year.

The BEP operator will consistently maintain a level of inventory consistent with the current "operator's responsible inventory".

The BEP operator will permit and cooperate with regular inspections of the Business Enterprise Merchandising Operation by BEP staff .

The BEP operator will follow policies for purchasing new equipment and rules for ownership.



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The BEP operator shall not transfer assets/equipment which he/she owns but are determined necessary for the continued successful operation of a BEP merchandising business to others outside of the BEP program or to a corporation (in the case he/she incorporates) without giving the BEP the first option to buy such assets/equipment.

The BEP operator will attend any mandatory training, participate in training required under an corrective action or improvement plan, and attend all Operators meetings, unless excused;

The BEP operator will maintain records meeting federal and BEP requirements. This includes, but is not limited to: permits, licenses, security codes, proof of insurance, workman's compensation payments, payroll data, invoices of all purchases, cashier tapes, inventory results.

The BEP operator, and staff, will maintain a neat business-like appearance while working at the merchandising location.

The appearance and dress of operator and staff should be appropriate: to the clientele being served and to the functions and kind of business being operated (e.g. kitchen staff need to dress meeting health regulations). The grantor may also set standards which must be observed.

The BEP operator will handle customer complaints in a prompt and satisfactory manner mutually agreed upon by both parties.

The BEP operator will comply with the rules for maintaining good employee relationships and all of the requirements of ADA.



v. Dealing effectively with customer complaints

Operators are expected to work with grantor committees and to deal quickly and effectively with customer complaints (see below #2, "Operator performance – monitoring and management").

Operators are also expected to cooperate and comply with corrective action plans or performance probation requirements dealing with customer complaints.

b. Maintaining established Profitability Levels

- i The BEP operator will maintain established profitability levels.

c. Attend All Operators' Meetings

All BEP operators are expected to attend the All Operators' Meeting:

- i Attendance at the "entire" meeting means being present at the "call to order" until announced adjournment.
- ii An "excused" absence means a written request to the APOC Chairman to be excused. No request to be excused will be accepted if it is made more than ten (10) days after the meeting. The APOC committee will determine whether to grant an excuse at its next scheduled APOC meeting.

d. Awards

There are two major BEP awards:

The "All Managers' Award"

The "BEP Tenure Award" which is based on the amount of time an operator has been under a BEP operator's agreement.



2. Operator Performance - Monitoring And Problem Management

a. Continuing inspections of business facilities

The BEP Section will conduct inspections for the health, safety and welfare of the public, with or without notice, throughout the existence of an operator's agreement, and shall take any appropriate action to assure the operator's compliance with the operator's agreement, this Article, and any applicable laws.

Business location visitations and inspections will be done regularly to evaluate and monitor the operation and/or to provide ongoing technical assistance and advice per the following schedule.

For existing locations and operators who are not on original or performance probation:

Visitations are done monthly;

Full inspections are done annually.

For individuals on original probation:

Visitations are done bi-monthly;

Full inspections are done at the beginning of probation and prior to the end of probation.

For individuals on performance probation both visitations and inspections will be done according to the schedule in the required action plan.

The consultant will use form SB-008 (as amended to include operator input/feedback) for routine facility visitations and form SB-114 (as amended to include non-financial compliance issues) to record the results of a full/extensive visitation.

b. Monitoring an operation's Profitability Levels

The process is as follows:



The BEP Fiscal Services specialist, who inputs the monthly operating reports, will flag any operator whose profits are below expected averages continuously for three months and report that to the Manager of BEP;

The Manager of BEP involves the APOC and establishes a committee comprised of: the Manager of BEP, the Chair of APOC, the assigned BEP consultant, and the APOC representative assigned to the operator;

The committee will assess the situation and does an initial evaluation by looking at labor costs, recent purchasing pattern, and gross profit margins. Based on this evaluation, the committee, as necessary:

- Instructs the Fiscal Services specialist to collect additional information, such as: inventories, audits, and fiscal records for the last several years;
- Instructs the Consultant to use this information to review issues and concerns with the operator;
- Instructs the APOC representative to inform the operator of APOC's interest and concern.

The committee will meet again in ten days to review the results with the operator. At the end of this meeting, decisions will be made:

- Whether to recommend the BEP put the operator on performance probation and/or initiate a corrective action plan; or
- Whether to begin a process of determining whether the business operation is viable, should be closed, or should be combined with another business operation.

The location will be monitored to determine whether the profitability level remains low. If the level remains low three months after last committee meeting, APOC will again be brought in and a bi-annual joint review of the situation will be instituted until issue is resolved.



c. Resolution Of Conflicts Between The Public And An Operator

The primary responsibility for dealing with conflicts between the public and a BEP operator is the operator.

However, since the BEP has management oversight responsibilities for the BEP, since the APOC represents operators, and since grantors have a stake in how their customers are dealt with there is potential for considerable confusion of roles and responsibilities.

Guidelines are as follows:

Customer complaints are to be forwarded to the BEP operator immediately, regardless of their source, and the BEP operator should be given the opportunity to deal with the issues(s) before a formal process is initiated.

If the complaint involves serious allegations, e.g.:

Sexual harassment

Health safety concerns

A copy of the complaint needs to be shared with BEP and APOC.

The formal steps for dealing with a customer complaint include:

The grantor, consultant, or operator obtains a written complaint from a customer;

The BEP consultant follows up on the complaint and the consultant finds factual evidence to support the complaint;

The consultant meets with the operator on the complaint and together they initiate a written corrective action plan (The operator will be given an opportunity to appeal the corrective action plan);



Failure by the operator to comply with an agreed on action plan within the time frames stated within that corrective action plan can result in the following:

One substantiated customer complaint may be sufficient to place an operator on performance probation. Failure by an operator to meet conditions set during a performance probation will lead to termination of the operator's authority to operate the existing merchandising business. Such failure(s) could eventually lead to revocation of his/her license.

Two substantiated customer complaints during the prior six months will automatically disqualify the operator from applying for other locations.

d. Resolution Of Conflicts Between An Operator And A Grantor

Operators and grantors need to have strong communication links if the BEP program is to ensure good customer satisfaction and good working relationships with its partners.

However, since the Grantor Agreement is between the SLA and the Grantor, conversations and issue resolution relating to the contractual relationship between the Grantor and the SLA need to include and to involve the BEP staff. Issues that cannot be resolved within the context of the existing Grantor Agreement need to be forwarded to the RSA for resolution.

The Grantor Agreement includes information about the formal resolution if disputes relating to the Agreement.

Guidelines are as follows:

Customer complaints are to be forwarded to the BEP operator immediately, regardless of their source, and the BEP operator should be given the opportunity to deal with the issues(s) before a formal process is initiated.



A copy of the complaint is shared with BEP and APOC if the complaint involves serious allegations, e.g.:

Sexual harassment

Health safety concerns

The consultant and the operator initiate a written corrective action plan;

One substantiated customer complaint may be sufficient to place an operator on performance probation. Failure by an operator to meet conditions set during a performance probation will lead to termination of the operator's authority to operate the existing merchandising business. Such failure(s) could eventually lead to revocation of his/her license.

Two substantiated customer complaints during the prior six months will automatically disqualify the operator from being selected for other Business Enterprise Merchandising Operations.

A substantiated customer complaint exists if:

- (1) There is a failure by the operator to comply with an agreed on action plan within the time frames stated within that corrective action plan; and
- (2) The operator has been notified of failure to comply, it's potential impact on selection for placement in a new Business Enterprise Merchandising Operation, and
- (3) A written copy of the notice has been filed in the operator's file.

e. Initial probation

A BEP operator who is placed in his first Business Enterprise Merchandising Operation or in a higher level Business Enterprise Merchandising Operation shall be placed on initial probation for six months to assure compliance with the operator's agreement, the provisions of this Article,



and applicable law.

The Operator will participate in any training required as part of initial probation.

During the probationary period, the BEP shall conduct unannounced on-site inspections at least twice monthly. Upon the inspector's arrival, the operator shall be notified.

At the conclusion of each site inspection, a facility inspection report shall be completed which identifies the conditions found, any deficiencies requiring corrective action, and which contains a statement of the required standard and any recommendation to bring the operator into compliance. The inspection report shall be read to the operator who, after signing the report, shall receive a copy.

At the end of the six-month period, the BEP, following consultation with APOC, shall notify the operator in writing of either satisfactory completion of probation, of placement on performance probation or termination of the operator's agreement.

The frequency of visitations and inspections are:

Unannounced inspections twice a month

A full inspection both at the beginning and before the end of the probationary period.

- vii The decision about successful completion of probation will be based, at least in part, on the written reports of these reviews.
- viii If no decision is made or action taken by BEP, the individual will be considered to have successfully completed probation.



f. Performance Probation

When the operation of a Business Enterprise Merchandising Operation is adversely affected by the deteriorated performance of the BEP operator, the operator shall be placed on performance probation by the BEP, following prior notification to the APOC chairman, for no longer than six months.

An operator shall be given written notice of placement on performance probation by certified mail, return receipt requested, or in person. The notice shall state the grounds for the action and shall refer to any applicable agreement sections or legal provisions. It shall identify the corrective action to be taken, the length of the probation, the consequences of failure to timely complete the corrective action, and notice of right to appeal.

At the end of the performance probation period:

(1) if the required corrective actions have been taken by the BEP operator, written notice of satisfactory completion and lifting of probation shall be immediately issued by the Department;

(2) if the required corrective actions have not been taken by the BEP operator, the Department, following notification to the APOC chairman, shall terminate the operator's agreement.

A decision to place an individual on performance probation shall be based on:

Complaints from the grantor or the public

The decision to place an operator on Performance Probation based on substantiated complaints from any member of the public or the grantor.



The existence of one (1) substantiated complaint may be sufficient to place an individual on performance probation.

Other

The following kinds of violations of the Operator's Agreement and of BEP policies also provide the grounds to place an individual on performance probation:

Gross sanitation issues;

Actions or conditions which pose dangers to the safety or well being of the customers;

Falsification of documents;

Pattern of violations, including but not limited to:
Performance problems identified by the BEP during on-site inspections;

Profit margins falling below preset levels due to operator performance;

Continued failure by the operator to file monthly operating statements on time;

Failure to comply with reporting of regulatory requirements (licenses, permits, etc.).

g. Termination of Operator's Agreement

An agreement between RSA/BEP and a BEP licensee for operation of a Business Enterprise Merchandising Operation shall be terminated:

(1) by failure of the operator to meet the terms of the



Operator Agreement,

(2) by failure to meet conditions of initial or performance probation,

(3) upon revocation or surrender of a BEP license,

(4) upon termination of the grantor agreement for the BEP merchandising business the BEP operator is managing,

(5) upon abandonment of the merchandising operation,

(6) upon departure of an operator to operate another Business Enterprise Merchandising Operation.

The BEP operator shall be given written notice by the BEP, following notification to the APOC chairman, of termination of the operator's agreement. The notice shall be by certified mail, return receipt requested, or in person and shall state the grounds for the action, refer to any applicable provision of law or agreement, and advise the operator of the right to appeal.

Upon termination of an operator's agreement, the BEP shall reconcile all records and inventoried items for which the operator was responsible. The report of the reconciliation shall be transmitted in writing to the BEP operator or his estate within 90 calendar days from termination of the operator's agreement and shall include notice of the right to appeal.

Termination of the agreement shall not relieve the operator of any business obligations existing as of the date of termination.



- h. Revocation of License
 - i The revocation of an operator's BEP license is a serious decision and removes that individual from being able to participate in the BEP in any way and to operate any Business Enterprise Merchandising Operation in the State.
 - ii The following shall be grounds for the revocation of a BEP operator's license:
 - (1) There is a deliberate material misrepresentation to the Department by the operator relating to the BEP;
 - (2) The operator uses alcoholic beverages or illegal drugs while engaged in the operation of the Business Enterprise Merchandising Operation or operates the Business Enterprise Merchandising Operation while under their influence;
 - (3) The operator habitually neglects or refuses to provide timely information, including reports, and to timely pay assessments as required;
 - (4) The operator abandons the Business Enterprise Merchandising Operation or fails to open the facility for business at the scheduled hours without just cause and without prior notice to the BEP;
 - (5) The operator is convicted of a felony while participating in the program;
 - (6) The operator no longer meets the qualifications for participation in the BEP due to:
 - (a) improvement of vision to the degree that he is no longer a legally blind person,



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- (b) change of citizenship from the United States,
 - (c) inability to meet the physical or emotional demands of operating a Business Enterprise Merchandising Operation following evaluation by the BEP; and
- (7) The operator is in serious or continuous violation of other BEP requirements, contractual agreements, or of federal or state statutes which relate to the operation of a business establishment.
- iii The BEP operator shall be given written notice, following notification to the APOC chairman, of the Department's revocation by certified mail, return receipt requested, or in person. The notice shall state the grounds for the action and shall refer to any applicable provision of law, rule or agreement, and it shall advise the operator of the right to appeal.
- iv The revocation of an operator's license shall not relieve the operator of any business obligations existing as of the date of revocation.



3. BEP Section – Minimum Performance Expectations

Directly and/or through contracts, the BEP section is responsible for the following:

Adhere to quality service standards, as follows:

- Treat all contacts with respect and dignity;
- Respond to all contacts in a timely manner;
- Follow up on all issues to their conclusion;
- Look for Win-Win solutions;
- Explain “why” if contact’s expectations can’t be met or exceeded.

Provide management support, services and oversight of the Business Enterprise Merchandising Operations as follows:

Equip the Business Enterprise Merchandising Operations with:

- Initial Stocks and supplies
- China and flatware
- Initial cash
- Kitchen appliances and equipment
- Vending machines
- Adaptations required because of blindness
- Office equipment, goods, and services;

Repair and maintain equipment assigned to Business Enterprise Merchandising Operations;

Maintain records, including ownership records of equipment in each BEP merchandising enterprise;

Schedule and provide ongoing preventive maintenance for Business Enterprise Merchandising Operations;

Establish required inventory levels of cash, stocks and supplies, china and flatware;



Pay "Fair Minimum of Return";

Set expected profitability levels.

Authorize the establishment and use of credit accounts by
BEP operators.

Transfer resources from DES accounts to the APOC for use in
buying insurance and payments into retirement
accounts.

Provide initial, remedial and upward mobility training to current
or future BEP operators.

Provide business consultation and technical assistance to
BEP Operators.

Provide management and fiscal services necessary for the
continued operation of the BEP.

BEP operators will have a role in evaluating the performance of the
BEP consultants through the use of feedback systems
developed jointly by the BEP and APOC.

The results of their evaluations will be included in the consultants'
performance evaluations.

4. *ADA and accessibility*

The BEP and its operators will comply with all the requirements of
Titles 1, 2, and 3 of the American with Disabilities Act, as follows:

- a. Title 1
 - i. Employers (BEP operators) with 15 or more employees may not discriminate against qualified individuals with disabilities
 - ii. Employers (BEP operators) must reasonably accommodate the disabilities of qualified applicants or employees, including modifying work stations and



equipment, unless due hardship would result.

- b. Title 2
 - i. Government (the BEP) may not discriminate against qualified individuals with disabilities.
 - ii. The BEP and its services must be accessible.
 - iii. Alterations to BEP offices must be done in an accessible manner.
- c. Title 3
 - i. Business Enterprise Merchandising Operations may not discriminate on the basis of disability.
 - ii. Physical barriers in Business Enterprise Merchandising Operations must be removed if possible/reasonable. If not, alternative methods of providing services must be offered.
 - iii. Alterations to BEP operations must be done in an accessible manner.

There is guidance involving these principles throughout the BEP Policy Handbook (i.e. Article 8 of the RSA Policy Handbook) as they apply to specific areas of policy.

Resolution of ADA related issues is discussed under the section discussing the Problem Solving and Appeal process.



J. FINANCIAL AND DATA MANAGEMENT

1. *Funding of the BEP Program*

The BEP program is funded by the following types of monies:
Federal VR Basic Grant (78.7%) matched with other local resources (21.3%);
Assessments against Net Profits of BEP operators;
Income from unassigned Business Enterprise Merchandising Operations
State match for VR Basic Grant monies (for those services provided by the VR counselor--this matched resource is **not** included in BEP operating plans).

2. *Operating Plans*

- a. Operating plans are prepared by the BEP program for review by the RSA Finance and Purchasing section and approval by the RSA Administrator or his designee.
- b. Operating plans are reviewed and revised quarterly to accommodate changing conditions, preparation of new Business Enterprise Merchandising Operations, etc.
- c. Copies of the BEP operating plan will be made available to the APOC.

3. *BEP record keeping*

At a minimum, the BEP will maintain:

- a. BEP Facility Files for all Assigned Locations

BEP Facility Files for all Assigned Locations will contain, at a minimum:
Copy of the Facility Survey(s);
The Grantor Agreement;
Signed Preventive Maintenance schedules;
Signed "Responsible Inventory";



Current Annual Inventory Report, including:
consumable supplies,
equipment,
vending machines,
Information about operator selection process;
Monthly Operating Reports;
Licenses and permits to operate a food establishment.

b. BEP Unassigned Facility files

BEP Unassigned Facility files will contain, at a minimum:
Location information;
Copy of the Grantor agreement (or, in the case of DES, *DES Vending Machine Income Distribution Agreements*)
Equipment at the location(s);
Ownership of equipment (or lease information);
Who services that location(s);
Records of income from that location(s).

c. Operator Files

Operator files will contain, at a minimum:
Qualifying information from selection process
Documentation of training completion
Operator Agreement
Operator's BEP License
Personnel actions (e.g. initial probation, performance probation, revocations of license, complaints, etc.)
Copy of signed "Responsible Inventory"
Records of liability insurance coverage
Mandatory training requirements: e.g. required during initial probation or remedial probation, which is part of an improvement plan, etc.

d. DES Vending Agreements

The BEP will maintain copies of all Vending agreements in a separate file.



4. *BEP Operator's Reports and record keeping*

a. Access to information

The BEP operator shall maintain financial records of all operations in accordance with generally accepted accounting principles. These records shall be available for inspection by the Department and shall be retained by the operator at least five years unless involved in an audit by the Department. In case of an audit the records shall be retained until the audit is closed and any appeals finalized.

Each BEP operator shall submit to the Department an annual inventory report which shall comply with RSA requirements.

Each BEP operator shall furnish copies of any records and accounts pertaining to the operation of a Business Enterprise Merchandising Operation requested by the Department.

b. Reporting Requirements

The following items must be turned in to BEP with the Operating Statement on a monthly basis.

i. Z2 tape plus Vending Machine Log

ii. Regulatory, including copies of monthly or quarterly reports, cancelled checks, bank statements, money orders, or 940/941 bank deposits.

iii. Copies of all invoices of all expenses including the detail of telephone bills with justification of unusual expenses. Please include copies of cancelled checks or check numbers that can be verified at a later date. Monthly charges for internet services will be allowed if the service is installed in the facility and used in the operation of the business.



vi. Catering Income:

All catering sales and expenses are to be reported in the month in which they are incurred.

v Non-Cash Operations

Since all credit card transactions require the operator to pay a transaction charge for each transaction this charge must be taken into consideration in respect product pricing to the customer. This charge may be listed as an expense on monthly operating statements.

vi Complimentary\employee meals are not allowed as a separate expense item on monthly operating statements. They are expensed in total food purchases and can not be double expensed.

vii Sales of Lottery and Other Tickets:

Sales should be shown in the month, which the tickets are sold. Ticket expense should also be shown in the month which payment occurs.

viii Lottery Settlement Invoices will be turned in with monthly report as documentation of sales and commission activity.

ix. Telephone bills:

- I. Operators who have multiple locations and vending routes are allowed to deduct charges for cell phones. Phone charges should be for business related phone charges only. A \$75 limit will be placed on monthly phone bills. Exceptions will be made for facilities with supervisors in remote locations. Details of all phone bills over \$75 must be submitted to be approved. Locations with extended operating hours will also be allowed to have multiple cell phones.

x. Employee meals are not an allowable expense.



xi. The monthly charges for internet services for the facility can be expensed under the following conditions:

- a. Computer and line must be in the operators facility and be used for business purposes only.
- b. Operator must notify BEP of email address for communication purposes.

A maximum charge of \$40 will be allowed.

xii Late Reports:

One report submitted over 30 days late or two consecutive late reports (after 22nd of the month) will result in the operator being put on performance probation for 60 days.

c. BEP Reconciliation Sheet

The BEP fiscal services will send each designated operator an “expense reconciliation sheet”, which will list any expense item(s) not allowed with an explanation of the problem. The operator will be responsible to respond to BEP concerning the items listed. Proper documentation must be clearly labeled and included with the following months’ operating statement or before, if possible. Additional set aside owed is due and must be paid with the following months’ operating statement or before, if possible. Unresolved expenses will be reflected as a permanent change on the operator’s monthly statement. Resolved expense items will be noted by BEP fiscal services and a copy will be sent to the designated operator.

d. Financial Reviews

BEP will perform or arrange for a financial review of each facility every 2 years. Additional facility reviews may be conducted for noncompliance with BEP standards. Any unusual expense incurred by the operator to provide records for review by BEP can be expensed subject to approval of BEP on the subsequent monthly operating statement. BEP fiscal services will contact the operator with respect to review time frames and records needed in advance. The results of



the financial review will be forwarded to the operator within 30 days after the initial review.

Operator must respond to findings within 30 days. If a written response is not received within 30 days the operator will be placed on performance probation per policy I-2(f) for 30 days. If discrepancies have not been resolved within 60 days of the report, the report will be forwarded to DES Office of Accounts Receivable and Collections (OARC) for collection. In addition the operator will be put on performance probation per policy listed above. Findings may require modification of Monthly Operating Statements for the months reviewed. These modifications may reflect either increased or decreased set-aside requirements for the months reviewed. All financial payments required as a result of the financial review must be paid within 60 days after notification unless extenuating circumstances exist and different arrangements have been made and approved by the BEP Manager).

A letter of compliance will be issued by BEP Fiscal Services upon resolution of financial review items.

- e. Operators have the right of appeal in respect to financial reviews as stated in BEP Policy Section M- Problem Resolution and Appeal Process.

5. *Calculating operator "total income", "total allowable expenses", "net profits", "assessments" and "adjusted net profits"*

The operator's monthly "total income", "total allowable expenses", "net profits", "assessments" and "adjusted net profits" is calculated and reported monthly as follows:



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MONTHLY OPERATING STATEMENT

ITEM	Subtotals	Totals
INCOME		
A. Sales Income		
1. Income through Registers		
Total income through cash registers ¹	X	
Less sales tax ²	X	
Total register sales ³	X	
Catering Income ⁴		
Total income	X	
Subtract sales tax	X	
Total catering sales	X	
Total Vending Machine Income ⁵	X	
TOTAL SALES INCOME		X⁶
Other Income		
Payments for training (OJTs) ⁷	X	
Income from Sale of Lottery Tickets	X	
Miscellaneous income (vouchers, rebates) ⁸	X	
Other income ⁹	X	
TOTAL OTHER INCOME		X¹⁰
C. TOTAL INCOME		X¹¹

¹ Total sales are taken from "Z-2" tapes run on all registers at the end of every month. Copies of these tapes must be kept and made available for inspection on request.

² Sales tax is read from the same register tapes and recorded

³ Subtract "b" from "a"

⁴ Report only catering sales which are not run through the cash register. Records of such sales must be kept and available for inspection on request.

⁵ Report actual cash sales income. Operator must also send in a copy of "end of the month" meter readings

⁶ Total "1,c", "2.c", and "3" above

⁷ Income derived from fees received to provide on the job training or experiences for trainees or BEP applicants

⁸ This includes, but is not limited to, supplier rebates not directly applied to purchases, coupon reimbursements,

⁹ Write the item(s) here

¹⁰ Add total of 1 -4

¹¹ Add items A4 and B5



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ITEM	Subtotals	Totals
EXPENSES		
A. Purchases		
Food - for sale ¹²	X	
Food related supplies-not for resale ¹³	X	
Non-food items for sale ¹⁴	X	
Lottery tickets ¹⁵	X	
TOTAL PURCHASES		X
Labor Expenditures		
Wages paid		
Wages paid - Sighted ¹⁶	X	
Wages paid - Blind ¹⁷	X	
Wages paid - handicapped (other) ¹⁸	X	
TOTAL WAGES PAID		X
Employee Related Expenses		
FICA	X	
FUTA, SUTA	X	
Workers Compensation Insurance	X	
TOTAL ERE PAID		X
Contract labor expenditures ¹⁹		X
Other labor expenditures ²⁰ (e.g. bonuses)		X
TOTAL LABOR EXPENDITURES		X²¹

¹² Include cost of food that was bought solely for resale

¹³ Supplies include: paper plates, napkins, food, forks, cellophane wrap, aluminum foil, straws, cups, etc. used for food consumption

¹⁴ Non-food items for resale includes: newspapers, magazines, greeting cards, etc. sold for profit

¹⁵ Since BEP operates on a cash basis, enter the what was paid to buy lottery tickets for resale during the month

¹⁶ Enter total wages paid to sighted, non-handicapped employees

¹⁷ Enter total wages paid to blind employees

¹⁸ Enter total wages paid to other handicapped employees

¹⁹ Requires payment of WC, FICA, etc. by the contractor. Unless family members intend to pay their own, don't use for family members (put them on payroll as employees instead). If costs are identified for this item, back-up paperwork must be submitted with the Operating Statement.

²⁰ Include commissions/bonuses paid to employees, as well as costs of training (if receiving OJT payments)

²¹ Add 1d, 2d, 3 and 4



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Other operating expenses		
Commissions paid ²²	X	
Liability Insurance ²³	X	
Laundry and cleaning ²⁴	X	
Janitorial services	X	
Pest Control ²⁵	X	
Telephone ²⁶	X	
Advertising ²⁷	X	
Bank service charges	X	
Bookkeeping services	X	
Office supplies	X	
Other business expenses ²⁸	X	
TOTAL OTHER OPERATING EXPENSES		X ²⁹
TOTAL (ALLOWABLE) EXPENSES		X ³⁰

A. TOTAL INCOME	X ³¹	
B. TOTAL ALLOWABLE EXPENSES	X ³²	
C. NET PROFIT		X ³³
D. ASSESSMENTS		X ³⁴
E. ADJUSTED NET PROFIT		X ³⁵

²² Costs paid to others as their share of vending sales.

²³ Policies insures the DES, BEP, and the Grantor against lawsuits.

²⁴ Includes laundering of uniforms, table cloths, and linens.

²⁵ Costs incurred for the spraying or removal of insects, mice, and other vermin which pose a health hazard.

²⁶ The monthly service fee for the phone in the BEP facility or, for vending routes, the cell phone and costs of long distance calls associated directly with the business. Keep itemized telephone statements.

²⁷ Costs directly associated with advertising directly to the public; e.g. newspaper ads or printing costs of menus

²⁸ Any expenditures under this category must be pre-approved by BEP. This category includes: emergency rental, purchase, or repair of equipment, travel costs. **NON-ALLOWABLE DEDUCTIONS INCLUDE:** personal clothing costs, commuting to and from work, parking at work costs, insurance costs for family members, contributions/gifts/donations, legal or professional expenses including use of personal tax preparation services or legal counsel for personal or civil suits, auto repair costs.

²⁹ Add #s 1-11

³⁰ Add #s A5, B5, and C12

³¹ Enter TOTAL INCOME (from #C)

³² Enter TOTAL ALLOWABLE EXPENSES (from #D)

³³ Subtract B from A and enter the result. The result of subtracting total business expenses from total business income is referred to as "net profits".

³⁴ Calculate the ASSESSMENT using the Monthly Assessment Schedule chart and enter the result.

³⁵ Subtract D from C and enter the result. After subtracting the assessment, the result is referred to as "adjusted net profits"



6. *Calculating and reporting of operator assessments*

a. Assessment against net profits of operators

The BEP operator shall pay a monthly Assessment based on the net profits of the BEP merchandising business. The monthly assessment will be calculated using an assessment schedule developed by BEP and APOC and approved by the Secretary of the U.S. Department of Education.

The currently approved monthly assessment schedule is:

Net Profits	Assessment Schedule
First \$400	2%
\$401-\$500	\$8.00 plus 5% of the amount over \$400
\$501-\$600	\$13.00 plus 10% of the amount over 500
\$601-\$700	\$23.00 plus 15% of the amount over \$600
\$701 and over	\$38.00 plus 20% of the amount over \$700

b. Use of the funds set aside from the operator's monthly income

The funds set aside from the operator's monthly assessment shall be used only for the purposes stated in 34 CFR 395.9(b) (July 1, 1988).

7. *Use of unassigned income*

Federal unassigned vending machine income shall be used for BEP operator benefits as determined by a majority vote of all BEP operators in the state at an all operator's meeting, and as limited by 24 CFR 395.8 (July 1, 1988), incorporated by reference and on file with Office of the Secretary of State. Any federal unassigned vending machine income not necessary for such purposes shall be used by the BEP for the maintenance and replacement of equipment, the purchase of new equipment, management services, and assuring a fair minimum of return to vendors.



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K. CONTRACTS AND PROCUREMENTS

1. Definitions

(to be developed)

2. Procurement procedures

(to be developed)

3. Contract procedures/processes

(to be further developed)

a. Grantor Agreements

The BEP Contracts Specialist will put the Grantor Agreement together, have it reviewed by the Contracts Unit Supervisor, then obtains signatures from the Operator on two original sets.

Two original sets are forwarded to the RSA Contracts Unit with a completed Contract Coordination sheet.

The Contract Unit supervisor assigns an "OPXXX" contracts number (The "OP" will be specific to BEP contracts) and reviews both sets and forwards them the RSA Administrator for signature.

The Contracts Unit retains one original signature set; the operator receives the second original set.

The RSA Contracts Unit supervisor forwards a photo-copy and the original signature set to the BEP Contracts Specialist. The BEP Contracts Specialist retains the photo-copy and sends the original signature set with a transmittal letter and a copy of the Grantor Agreement to the BEP operator.

b. Operator Agreement



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L. ASSET MANAGEMENT AND SECURITY

1. SECURITY

Security of the Business Enterprise Merchandising Operation and its assets are a primary concern of both BEP staff and of APOC and the operators. Both the Grantor and Operator agreements contain information regarding security arrangements that have been made. Policies and procedures relating to security that must be adhered to are as follows:

- a. BEP staff's responsibility for security
 - i. BEP will control availability of Business Enterprise Merchandising Operations' keys under its control by storing the keys in a secured location and controlling access to the keys by designating a security person within BEP responsible for signing keys in and out.
 - ii. BEP staff will access and use keys for Business Enterprise Merchandising Operations only in emergency situations.
 - (1) Such use and access to a facility or its vending machines is only allowed with written authorization from the BEP operator.
 - (2) Only in emergencies in which it is impossible to obtain prior permission from the BEP operator can unauthorized access be gained to a Business Enterprise Merchandising Operation. Any such access should be documented in writing after the fact to the operator.
 - (3) The BEP operator is to be informed of any unauthorized access to his/her facility by BEP staff within one working day after the occurrence.



- (4) BEP staff must always be accompanied by a second person when accessing a BEP operator's facility.
 - (5) In no instance may BEP staff give someone else access to an Business Enterprise Merchandising Operation. The individual is to be referred to the assigned operator.
 - iii. BEP staff is responsible for purchasing locks and/or other security devices, using non-duplicating keys, for Business Enterprise Merchandising Operations when not provided by the Grantor, or when it is clearly not the Grantor's responsibility.
 - iv. BEP staff are responsible to change over locks when needed and when there is a changeover of an operator.
 - v. Files relating to specific BEP locations, including financial and personnel records, will be maintained in locked cabinets and accessed only by authorized individuals.
 - vi. When negotiating a Grantor Agreement, security arrangements are documented, including the need for, and use of, special ID badges, access to the building, etc.
- b. Vending Machines

All vending machines assigned to Business Enterprise Merchandising Operations will be fitted with a special lock system which is maintained by BEP staff.

The operator will be assigned two sets of keys, additional sets are maintained by BEP and the vendor who is under contract to service the machines.



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If the operator loses keys, all locks in his/her operation will be re-keyed and the cost charged back to the operator. The invoice, with written explanation, will be included with the monthly assessment statement.

The vendor who services BEP vending machines must be bonded. The vendor must make pre-arrangements with the operator before accessing the operator's facility or equipment.

Liability for any thefts or losses of BEP owned equipment, goods or supplies belongs to the State and is covered by the State's Risk Management. Liability for any thefts, or losses, of operator owned goods or supplies belongs to the individual operator. Police reports should be filed for all thefts or losses. The BEP staff is responsible to file the necessary reports to the State's Risk Management.



2. INVENTORY

a. Annual inventories required of BEP operators

The operator will complete an inventory for each location at the end of each calendar year (December 31) as prescribed below. This requirement will have been met if an complete inventory was done within the last quarter of the year (e.g. for new BEP locations, changes in manager, etc.)

b. Inventories conducted by BEP

i. When done

- (1) An inventory of stocks and supplies, as necessary, to determine/re-determine level of responsible inventory
- (2) A full inventory is done by BEP when an existing operator leaves a Business Enterprise Merchandising Operation and when placing a new operator in an existing location

ii. Scope and conduct of the inventory:

The purpose of the inventory is to identify all of the assets of a merchandising operation which are necessary for the continued successful operation of that business. It includes all BEP owned assets and all operator owned assets which are necessary for the continued successful operation of the merchandising business:

Scope:

BEP owned:

The “responsible inventory” (stocks and supplies, initial cash);



Standard office equipment;
Kitchen appliances and equipment;
Vending machines;
Standard adaptive equipment.

Operator owned

Cash and stock in excess of the “responsible inventory” levels

Insurance and retirement benefits

Any equipment or appliances which are necessary for the continued successful operation of the merchandising business which was purchased, and still owned, by the operator.

Conduct of the Inventory

(1) On-site physical inventory to include:

- (a) Stocks and supplies
- (b) China and flatware
- (c) Kitchen appliances and equipment
- (d) Vending Machines
- (e) Cash
- (f) Office equipment, including standard adaptive equipment

(2) Inventory extension - review of invoices provided by the operator to establish value of merchandise.

(3) All State owned equipment must also be listed on State inventory listed in accordance with departmental regulations.

iii. The ownership of everything inventoried must be reviewed and identified in the report, including stocks and supplies, for example:

(1) What is Level of “responsible inventory”, per the most recent Operator agreement, and what is to be considered over/under and therefore the operator’s



responsibility?

- (2) What is operator owned equipment that is inventoried because it is necessary for the continued successful operation of the merchandising business and will need to be purchased from the operator at fair market value when he/she leaves the program or moves to another location?
- (3) What is operator owned equipment that is not considered necessary for the continued successful operation of the merchandising business and will remain the property of the operator when he/she leaves the program or moves to another location.

c. The Operator's Responsible Inventory

The "Operator's Responsible Inventory" means the value of initial stocks and supplies, china, flatware, and cash provided by BEP for which the operator becomes financially responsible when he/she initially accepts a Business Enterprise Merchandising Operation; which is the level of inventory the operator is obliged to maintain during his/her tenure (unless level of inventory has been renegotiated); and which must be available and/or paid for when the operator leaves that operation.

i. **The operator's responsible inventory consists of:**

Initial Cash

Initial Stock and Supplies at BEP food/drink merchandising operation

The value of initial stocks and supplies provided a new BEP food/drink merchandising operation, based on a percentage of the forecast for the first



2.5 weeks of the operation, becomes part of the incoming operator's responsible inventory.

The value of initial stocks and supplies for an existing BEP food/drink merchandising operation for a new incoming operator, based on a percentage of the forecast for the first 2.5 weeks of the operation using the average actual gross sales data for that facility for the last six months, becomes part of the operator's responsible inventory.

The percentages to be used are as follows:
60% of the value of initial stocks and supplies (for vending banks or vending routes);
48% of the value of initial stocks and supplies (for full service cafeterias without china);
48% of the value of initial stocks and supplies (for snack bars);
45% of the value of initial stocks and supplies (for full service cafeterias, with separate amount for china).

The value of the initial stock and supplies for Gift Shops and other non-food Business Enterprise Merchandising Operations to be considered the operator's responsible inventory is individually negotiated.

China and flatware

The value of china and flatware is based on actual or estimated costs.

Exceptions to these rules for establishing the value of inventory for a Business Enterprise Merchandising Operation must be approved by the RSA Administrator.



ii. **Management of "operator initial inventory" for existing Business Enterprise Merchandising Operation**

The value of the "operator's responsible inventory" will be calculated when an operator accepts assignment of a Business Enterprise Merchandising Operation and again when he/she leaves that Business Enterprise Merchandising Operation.

A copy of the "operator's responsible inventory" will be signed by the operator and BEP manager, **and will be provided to the incoming operator within ninety (90) days of the taking of said inventory.** It will be part of the Operator Agreement.

The BEP is responsible to ensure that stock is good, based on printed guidelines developed jointly by BEP and APOC. Canned foods will not be older than one year, frozen foods no older than six months. Materials with "sell by" dates that will expire within 14 days after end of inventory in vending machines will not be counted or transferred to new operator. (It is important to distinguish between "sell by" or "origination" date. Normal appeal procedures are available to a new operator if he/she objects to determinations of quality and value of initial stock.

When the value of inventory is below the set level, the BEP will provide the incoming operator with the dollar resources to bring the inventory up to required levels.

The BEP manager must agree to and sign for:

The determination of the value of the operator initial and final responsible inventory;

The dollar amount level determined to be necessary (by the BEP consultant) for an initial inventory for a new operator in a new facility;



The dollar amount level to be paid to a new operator in an existing operation to purchase additional inventory to bring the initial inventory to acceptable level for the location (and to be used as the new operator's responsible inventory).

It is the responsibility of BEP staff to recoup the difference between the actual ending inventory and the operator's responsible inventory level (as recorded and filed with the Operator Agreement) from the outgoing operator.

The BEP manager, in consultation with APOC, will resolve any issues regarding responsible inventories. If resolution cannot be attained at this level, the RSA Administrator (or designee) will resolve the issue, in consultation with APOC.

Inventories must be reconciled whenever an operator leaves a BEP location. This inventory can be used by the new operator as the year-end inventory if it was done within three months prior to the required inventory date.

Inventories cannot be carried forward from one location to another.

The dollar value of a "responsible inventory" changes when there is an increase/decrease in business, introduction of new product lines, new and/or larger vending machines, etc.

Approval for the anticipated change is obtained from BEP, which will provide the money needed by the operator to increase the inventory level using the formulas already described. For situations in which the operator has funded an increase in the level



of responsible inventory him/herself, the BEP will pay the operator the difference, using the same formulas to calculate appropriate a new inventory level as was used in establishing the initial inventory. The increased value of the operation must be reported and will result in an increased assessment per the approved set-aside schedule.

The operator is responsible to negotiate with the BEP for the establishment of a new/different minimum level of stocks and supplies he/she must maintain when needed.

If the operator paid for the increase in inventory level, he/she is responsible to seek payment from BEP at the time a new level is negotiated.

The BEP is responsible to make sure that any change in the level of the "responsible inventory" is recorded and filed as an amendment to the Operator Agreement.

The outgoing operator is responsible to use or dispose of any food and consumable supplies in excess of the responsible inventory. Excessive stocks can be refused by BEP (if clearly excessive) when he/she leaves a Business Enterprise Merchandising Operation.

In any case, the departing operator's last month's assessment will be based on Net Profit plus the dollar amount of the excess inventory, using the current set-aside schedule.

The operator is obliged to re-imburse the BEP for any amount in the value of the operator's responsible



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inventory below the pre-established "operator responsible inventory" level when he/she leaves his/her Business Enterprise Merchandising Operation.

The operator will be assessed for any movable kitchen appliances that have been lost and have not been replaced when he/she leaves the operation.

Operators who owe BEP money at the time their Operator's Agreement is terminated shall not receive any money in excess of coin bank allocation from vending machines at the time of inventory. All excess funds shall be used to pay outstanding debts. Any amount in excess of their debt shall be returned to the operator.

Operator's ending inventories, which are in excess of their responsible inventory, will be credited with excess inventory, minus 20% for set-aside. Operators who owe will be charged the additional amount plus 20% for set-aside.



3. OWNERSHIP OF EQUIPMENT & RESPONSIBLE INVENTORY

- a. The Law provides (20 USCS 107b, (2))--
that “equipment and stock may be owned by the licensing agency for use of the blind, or by the blind individual to whom the license is issued:”

The law further provides that “if ownership of such equipment is vested in the blind licensee,
(A) the State licensing agency shall retain a first option to repurchase such equipment and
(B) in the event such individual dies or for any other reason ceases to be a licensee or transfers to another vending facility, ownership of such equipment shall become vested in the State licensing agency (for transfer to a successor licensee) subject to an obligation on the part of the State licensing agency to pay to such individual (or to his estate) the fair value of his interest therein as later determined in accordance with regulations of the State licensing agency and after opportunity for a fair hearing.”

- b. The federal regulations

The regulations in 34 CFR 395.4, (c) state that the State Licensing Agency’s rules shall “include provisions adequate to ensure that the right, title to, and interest in each vending facility used in the program and the stock will be vested in accordance with the laws of the State in only the following:
(1) The State Licensing Agency; or
(2) it’s nominee...; or
(3) the vendor, in accordance with State determination.”

(NOTE: any rights existing before June 30, 1955 may continue as long as the interest in the stock was established, and the vendor was licensed, prior to July 1, 1955.)

The regulations in 34 CFR 395.6, (a) state that:
“(a) If a State licensing agency determines under § 395.4(c)



that the right, title to, and interest in a vending facility may be vested in the blind vendor, the State licensing agency shall enter into a written agreement with each vendor who is to have such ownership. Such agreement shall contain in full the terms and conditions governing such ownership in accordance with criteria in the State licensing agency's regulations, this part, and the terms and conditions of the permit. The criteria established to govern the determination that the title may be so vested shall contain reasonable provisions to enable a vendor to purchase vending facility equipment and to ensure that no individual will be denied the opportunity to become a vendor because of his inability to purchase the vending facility equipment or the initial stock;"

"(b) The State licensing agency shall establish in writing and maintain policies determining whether the vendor-owner or the State licensing agency shall be required to maintain the vending facility in good repair and in an attractive condition and replace worn out or obsolete equipment; and if the former, such policies shall provide that upon such vendor-owner's failure to do so, the State licensing agency may make the necessary maintenance, replacement, or repairs and make equitable arrangements for reimbursement;"

"(c) Where the vendor owns such equipment and is required to maintain the vending facility in good repair and in an attractive condition and replace worn out or obsolete equipment, or agrees to purchase additional new equipment, service charges for such purposes shall be equitably reduced and the method for determining such amount shall be established by the State licensing agency in writing;"

"(d) Where the vendor owns such equipment, the State licensing agency shall retain a first option to repurchase such equipment, and in the event the vendor-owner dies, or for any other reason ceases to be a licensee, or transfers to another vending facility, ownership of such equipment shall become vested in the State licensing agency for transfer to a



successor licensee subject to an obligation on its part to pay to such vendor-owner or his estate, the fair value therein; and”

“(e) The vendor-owner, his personal representative or next of kin shall be entitled to an opportunity for a full evidentiary hearing with respect to the determination of the amount to be paid by the State licensing agency for a vendor’s ownership in the equipment. When the vendor-owner is dissatisfied with any decision rendered as a result of such hearing, he may file a complaint with the Secretary under § 395.13 to request the convening of an ad hoc arbitration panel.”

c. The Arizona BEP policies further provide:

i. BEP approval for owner purchased equipment

The BEP is responsible to equip and supply a Business Enterprise Merchandising Operation to the established standards and levels (described in Section C) when a new operator is assigned to the location/business.

An operator of a Business Enterprise Merchandising Operation must obtain approval from BEP to to purchase and/or install his/her own equipment.

The approval by BEP must be in writing by the BEP (and filed in the Operator’s file as an amendment to the Operator’s Agreement), as follows:

Whether the equipment will be considered by the BEP as necessary for the continued successful operation of the merchandising business and therefore included in the inventory for that business, or not;

Recognition that all equipment listed as inventory for the business, whether BEP or operator owned, cannot be transferred from that facility by the operator without giving the BEP the option to buy it at fair



market value;

Who will be responsible for the costs of maintaining and repairing of operator owned equipment which is inventoried and considered necessary for the successful operation of the business and operator owned equipment which has been approved for use but is not inventoried and considered necessary for the successful operation of the business.

ii. The BEP inventories all goods and equipment

The BEP identifies and inventories all goods and equipment necessary for the continued successful operation of the merchandising business, including what is BEP owned and what is Operator owned (see above).

iii. Disposal of equipment owned by the operator

Disposal of any equipment or appliances which are necessary for the continued successful operation of the merchandising business which was purchased, and still owned, by the operator will be as follows:

In the event the equipment is owned by the operator when he/she dies, leaves the BEP, or transfers to another location, ownership of the equipment reverts to the BEP.

(NOTE: the BEP is required to pay the operator the fair market value for such equipment).

If the operator plans to sell or dispose of his/her equipment, the BEP will have first option to repurchase the equipment.

The BEP will for pay for maintenance and repairs of operator owned equipment which is considered



necessary for the continued successful operation of the merchandising business in order to ensure proper operation of the vending facility.

iv. Responsibilities for assets

The operator is responsible for keeping all equipment and supplies secure.

The operator is responsible for obtaining authorization to purchase and add new equipment to the business.

The operator and the BEP are jointly responsible to determine if the new equipment is necessary for the continued successful operation of the business and should therefore inventoried, or not.

The operator and the BEP are jointly responsible to discuss maintenance and repair responsibilities, consistent with these policies.

The BEP is responsible to make sure that the inventory is modified to include any operator owned equipment which is necessary for the continued successful operation of the business.

The BEP is responsible to make sure that all agreements are recorded and filed with the Operator Agreement.

The operator is responsible for obtaining authorization to change the level of stocks and supplies which he/she must maintain as stated in his operator's agreement.



v. Ownership transfers

The BEP operator cannot transfer assets which he/she owns but are determined necessary for the continued successful operation of a BEP merchandising business to others outside of the BEP program or to a corporation (in the case he/she incorporates).

The BEP cannot transfer BEP assets for use outside of the BEP program without review and approval of the APOC.

(NOTE: Any contrary understandings and agreements that exist when these policies become effective must be written down, reviewed, approved and filed prior to January 1, 2001. After that date, no exceptions to these policies will be approved.)



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M. PROBLEM RESOLUTION AND APPEAL PROCESS

Conflicts within the BEP can arise in a number of ways. Conflicts can arise because of decisions made by the BEP which adversely affects a BEP candidate, trainee, or operator. Conflicts can also arise between the licensed operator and BEP Section staff.

1. *Resolution Of Issues Between A BEP Operator And The SLA*

A BEP candidate, trainee, or operator adversely affected by any decision made by the BEP Section staff shall have recourse to informal reviews of the issue, mediation and fair hearings.

Parties to any dispute will have the right to informally resolve the dispute or to have the dispute mediated prior to Due Process Hearings and Arbitration, as long as the informal processes used do not deny or delay the right of the applicant or eligible individual to a hearing or to deny any other right afforded under laws regulating the VR and BEP programs.

REVIEW THROUGH AN IMPARTIAL DUE PROCESS HEARING

Any applicant or eligible individual who is dissatisfied with any determinations made by a consultant concerning the furnishing or denial of services may request, or, if appropriate, may request through the individual's representative, a timely review of those determinations either through their APOC or directly to the BEP Manager.

Formal impartial due process hearing procedures.

The RSA has formal review procedures that provide that--

- (1) A hearing by an impartial hearing officer is held within 45 days of an individual's request for review, unless informal resolution is achieved prior to the 45th day or the parties agree to a specific extension of time;



A written request for a Fair Hearing will be considered received by and filed with the designated State agency (ADES) on the date it is mailed if transmitted via the U.S. Postal Service, or on the date it is received in the office of the ARSA administrator if transmitted by any other means. A request for a Fair Hearing that is not filed within the specified 20 days from the action being grieved, or the mailing of a decision resulting from an informal review, will be considered timely if it is established to the satisfaction of the Department that the delay in the submission was due to Department error or misinformation, or to delay or other action of the U.S. Postal Service.

- (2) The agency will not institute a suspension, reduction, or termination of services being provided pending a final determination of the formal impartial due process hearing, or informal resolution, unless the individual or, in an appropriate case, the individual's representative so requests or the agency has evidence that the services have been obtained through misrepresentation, fraud, collusion, or criminal conduct on the part of the individual;
- (3) The individual or, if appropriate, the individual's representative is afforded an opportunity to present additional evidence, information, and witnesses to the impartial hearing officer, to be represented by counsel or other appropriate advocate, and to examine all witnesses and other relevant sources of information and evidence;
- (4) The impartial hearing officers are instructed to make a decision based on the provisions of the approved State plan, the Act, Federal vocational rehabilitation regulations, and State regulations and policies that are consistent with Federal requirements and to provide to the individual or, if appropriate, the individual's representative and to the ARSA Administrator a full written report of the findings and grounds for the decision within 30 days of the completion of the hearing;



- (5) If the ARSA Administrator decides to review the decision of the impartial hearing officer, the Administrator shall notify in writing the individual or, if appropriate, the individual's representative of that intent within 20 days of the mailing of the impartial hearing officer's decision;
- (6) If the ARSA Administrator fails to provide the notice required, the impartial hearing officer's decision becomes a final decision;
- (7) The decision of the ARSA Administrator unit to review any impartial hearing officer's decision must be based on standards of review contained in written State unit policy;
- (8) If the ARSA Administrator decides to review the decision of the impartial hearing officer, the Administrator provides the individual or, if appropriate, the individual's representative an opportunity to submit additional evidence and information relevant to the final decision;

The ARSA's review procedures provide for reasonable time extensions for good cause shown at the request of a party or at the request of both parties

- (9) The Administrator will not overturn or modify a decision, or part of a decision, of an impartial hearing officer that supports the position of the individual unless the Administrator concludes, based on clear and convincing evidence, that the decision of the impartial hearing officer is clearly erroneous because it is contrary to the approved State plan, the Act, Federal vocational rehabilitation or BEP regulations, or State regulations or policies that are consistent with Federal requirements;

Within 30 days of providing notice of intent to review the impartial hearing officer's decision, the ARSA Administrator makes a final decision and provides a full report in writing of the decision, including the findings and the statutory,



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regulatory, or policy grounds for the decision, to the individual or, if appropriate, the individual's representative;

The ARSA Administrator's decision to review the decision resulting from the Fair Hearing must be based on the following substantive criteria:

The decision is clearly inconsistent with the facts (i.e., the evidentiary record) and applicable Federal and State law and policy (and, therefore, is not supported by substantial evidence);

The decision erroneously interprets or fails to apply provisions of the Rehabilitation Act, Federal regulations , the State plan, or State policies and procedures that are consistent with Federal requirements;

The decision fails to give appropriate or adequate interpretation to key portions of conflicting testimony or fails to recognize State agency options in the delivery of services which are permissible by Federal Statute or regulations.

The ARSA Administrator's review of the decision shall be limited to the findings with which s/he takes issue based on the above substantive criteria.

If the ARSA Administrator decides to review the decision, an opportunity shall be provided all parties involved in the hearing to submit additional evidence and information that may be pertinent to the final decision. The ARSA Administrator shall make a final decision and provide a full report in writing of the decision within 30 days of providing notice of intent to review the decision. Reasonable time extensions may be granted at the request of a party, or at the request of both parties, for good cause shown. The final decision shall contain all the findings and grounds upon which the decision is based. Copies of the decision are to be provided to the appellant or, if



appropriate, the appellant's parent, guardian, or other representative.

- (11) The ARSA Administrator does not delegate responsibility to make any final decision to any other officer or employee of the designated State unit; and
- (13) A final decision of the Independent Hearing Officer (or the RSA Administrator) may be appealed by a BEP operator for arbitration through the Secretary of the U.S. Department of Education pursuant to 34 CFR 395.13.

Selection of impartial hearing officers.

- (1) From among the pool of persons qualified to be an impartial hearing officer who are identified jointly by the ARSA and members of the State Rehabilitation Council; and
- (2) Selected
 - (i) On a random basis; or
 - (ii) By agreement between the ARSA Administrator and the individual or, if appropriate, the individual's representative.

Informing affected individuals.

The State unit informs, through appropriate modes of communication, all operators of--

- (1) Their right to a impartial due process review, including the names and addresses of individuals with whom appeals may be filed; and
- (2) The manner in which an impartial hearing officer will be selected (see above).

2. Resolution For Conflicts Between BEP Section Staff And A BEP Operator



Conflicts may arise between BEP consultants and BEP operators which are either not appropriate subjects for Fair Hearings or which the operator would rather handle more informally.

a. Informal

The BEP manager, in consultation with the APOC chairman, resolves the conflict if possible within two calendar weeks, unless all parties agree to an extension in writing.

If issue cannot be solved in this manner, either the BEP consultant or the BEP operator can request a review and resolution from the RSA Administrator's Office. This request must be made within 10 working days of the earlier decision.

The RSA Administrator's office will resolve the issue in consultation with APOC within a month, unless all parties agree to an extension in writing.

If the issue cannot be resolved in this manner, the formal appeal process will be used.

b. Use of Consultant/Operator's Relations Committee

Systemic issues and concerns may be best dealt with through the Consultant/Operator's Relations Committee which meets regularly to deal with issues involving operators and consultants.



N. APOC

1. *State Committee Of Blind Vendors*

In Arizona, the Arizona Participating Operators Committee (APOC) shall be the state committee of blind vendors which shall actively participate in the Business Enterprise Program as provided below and elsewhere in this Article.

APOC shall enact and publish by-laws consistent with this Article and any applicable regulatory or statutory provisions and provide BEP with a copy.

In fulfilling its ultimate responsibility for the administration and operation of all aspects of the Business Enterprise Program, the Department shall assure that APOC shall actively participate in (including but not limited to the following):

Developing and proposing rules and policies for the BEP.

Resolving grievances filed in writing with APOC by BEP operators. At the discretion of the BEP operator, a member of APOC can act as his/her representative at any fair hearing.

Establishing and maintaining list of operators who can authorize emergency repairs.

Working with the BEP to establish training curricula and by serving as lecturers, faculty members, or in other roles at such training.

Accepting new trainees, licensing new operators, and selecting operators for placement in BEP merchandising locations.



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Managing Operators' Insurance and Retirement benefits.

Developing Upward Mobility Training opportunities.

Identifying, accepting and developing new Business Enterprise Merchandising Operations.

Deciding to combine, abandon, or assign Business Enterprise Merchandising Operations.

Monitoring and developing action plans for Business Enterprise Merchandising Operations that are in trouble.

Maintaining the list of BEP Licensed Operators eligible to bid on newly available Business Enterprise Merchandising Operations and reviewing each operator annually.

Modifying the Operator's Agreement.

Solving disagreements about payment of "Fair Minimum" payments.

Solving disagreements relating to "Responsible Inventories".

2. By-Laws
(See Appendices)



O. APPENDICES

1. ***BEP Nine Step Process/Checklist***
2. ***Introduction to the Business Enterprise Program***
3. ***Forms***
4. ***Initial Contact form (for potential BEP location)***
5. ***Vending Facility Site Survey form (for Initial use)***
6. ***Survey of Location: Business Enterprise Program form (used for comprehensive survey and as a facility development plan)***
7. ***Letter of Intent (sample - used with potential grantor)***
8. ***Business Enterprise Program Initial Application form (used by VR client)***
9. ***BEP Internship Dress Code (also used for job shadowing)***
10. ***BEP Letter of Understanding (used by VR client)***
11. ***Trainee License***
12. ***Operator License***
13. ***Application for Business Enterprise Merchandising Operation***
14. ***Operator's Agreement (standard format)***
15. ***DES Vending Machine Income Distribution agreement (standard format)***
16. ***Grantor's Agreement (standard format)***
17. ***Shamrock Kitchen Guide***
18. ***BEP Profitability Chart***
19. ***Questions to be used as Test of General Knowledge (in BEP Operator selection process)***
20. ***Basic Competencies of Operators***



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- 21. *Monthly Operating Statement (and instructions)***
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